



## **DOCTORAL (PhD) DISSERTATION**

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**‘CUSTOMER ORIENTATION AND CUSTOMER KNOWLEDGE  
MANAGEMENT AMONG SMES IN GHANA’.**

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## CHAPTER 1

### INTRODUCTION

#### 1.1 Background to the study

It has been said that market orientation is a critical strategic orientation of enterprises (Zhao et al., 2023). It is the primary responsibility of every firm to find ways to attract and keep new customers and at the same time remain competitive and profitable (Walter, Edvardsson and Ostrom 2010). This has arisen in the context where customers in recent times have become so sophisticated to the level of having enough information in the market and are able to know and understand the available products in the industry. The significance of customer orientation as a major source of competitive advantage of a firm cannot be overlooked. This is in view of the recent trend in terms of competition and scarcity of resources. Kerekes (2023) in his concluding remarks on his work on sustainable development alluded to the importance of finding solutions to problems; an even better situation is to avoid the solution being seen as wrong. Similarly, it is in the interest of various SMEs to find solutions to their problems arising as a result of several unforeseen macro environmental circumstances. Focusing on the customer in a right manner and adaptable to company's environment could be an important breakthrough in seeking solutions to marketing problems.

Over the previous decades, several studies have been conducted in the marketing literature. Prime among the concepts researched in the marketing literature has been the concept of market orientation. The market orientation theory has been popularized in the works of Kohli & Jaworski, (1990) and Narver & slater (1990). Kohli & Jaworski, 1990) defined market orientation as the process of assembling and distributing information and go on to respond to current or future consumer demand and preference. For Narver & Slater (1990) market orientation represents the ways organizations use in achieving business performance by continuously delivering value to customers. Narver & slater (1990) further advanced the need to conceptualize market orientation into three (3) dimensions; customer orientation, competitor orientation and inter-functional coordination. Customer orientation focuses on the buyer as the target market, competitor orientation suggests the focus on identifying the potency and limitations of the competitor and inter-functional coordination looks at all the processes involved in bringing all the functions of the business environment in a harmonious way.

One of the important elements of success is knowledge creation (Li Sa et al., 2020). Firms have come to appreciate the value of altering fresh knowledge into economic benefits, largely with the application of information technology-related variables such as websites and others (Li Sa et al., 2020). Several authors have recognized the importance of customer knowledge as fundamental to organizational resources (Salojärvi, et.al. 2013). It has become essential for firms especially in this modern market place to develop customer information for the firm and further use it to augment long-term customer relationships (Jayachandran et al., 2005). Customer knowledge is seen as an important resource for the establishment of a long-term competitive advantage for firms (Hakimi et al., 2014). Firms obtain customer knowledge through interactions by monitoring how customers make use of products or service with the view to analyzing data on customers' buying behaviour (Wayland & Cole, 1997). Gebert et al. (2002) defined customer knowledge management as the competent usage and management of knowledge gathered at different customer touch-points with the intention of effective and efficient support of business processes.

It could be argued that customers have been the most important source of information for organizations, especially those who have identified themselves as customer focused firms. As alluded to by Mehdibeigi et al., (2016) customers have today become the most imperative source of knowledge for companies. Contacts with the customer occur at every possible customer touch points; online (email, website, social media etc) or offline (e.g. service delivery hall, etc). When customers use these services they come out improved, with lots of knowledge and experience. Customer knowledge subsequently becomes inherently located in the customers' values, experiences, and perceptions, obtained through the firm's involvement with its customers (Gebert, et al., 2002). du Plessis & Boon (2004) assert that customer knowledge management stands the chance of making firms better comprehend their customer needs, wants, demands and behaviours. This knowledge has now turned out to be a strategic source of competitive advantage for firms (Mehdibeigi et al., 2016).

The relationship between market orientation and firm performance is well documented in the marketing literature (e.g. Iyer et al., 2019; Kohli & Jaworski, 1990). However, there has been some form of an unexpected complex relationships as new factors affecting firm performance come up. Whilst quite a lot of studies have found the effect of customer orientation on firm performance (e.g. Tsotsou and Ratten 2010; Li, et al, 2020), they have mostly done so having customer orientation as construct. This study however looked at elements that make up customer orientation (focus, involvement and communication) and their individual effects on firm performance. Again, the connection between customer orientation and firm performance is

established; however, this study seeks to identify the role of customer knowledge management in the relationship, hence finding out the mediating role of customer knowledge management.

This study is focused on Small and Medium-sized Enterprises in Ghana. It seeks to evaluate the essence of customer orientation and customer knowledge management among the SMEs in the country. There are several SMEs in Ghana that are in the economy and this study seeks to find out how customer focus strategy is helping them attain their long-term firm objectives. The study further seeks to add some relevant constructs like customer knowledge management as well as customer-employee exchange to understand the interplay among them.

To this end, the study employs the conceptualization of customer orientation by Zhang & Yang (2018). Their study conceptualized customer orientation to include customer focus, customer involvement and customer communications. This study adapts their conceptualization by adding the customer knowledge management construct as well as the customer-employee exchange. This study therefore looks at the inter play among the elements of the customer orientation stated previously, customer knowledge management and customer-employee exchange.

## **1.2 Problem Statement**

There is a growing attention in the various roles played by SMEs in economic development across the globe (Agyapong, et al., 2017) and Ghana is not an exception. This further indicates the need for practitioners or entrepreneurs to recognise that their activities do not occur in a void (Agyapong, et al., 2017). SMEs in Ghana have been springing up in recent times. A lot of these enterprises are motivated to start. However, to continue to ensure its sustenance, it must take different forms of strategies. Some of these SMEs have not been able to stand the test of time and so survival was a difficult thing to achieve in the turbulent business environment. This could be due to different reasons, from financial to managerial to other minutest reasons that could be preventable. It is important to state that SMEs in Ghana serve as an avenue for job creation, whether informal or formal setup.

Previous studies on SMEs have indeed attached much importance to the source of finance, owners' educational level, technical resources that spearhead the growth of SMEs (e.g. Lee, et al., 2012). Some studies in Ghana (e.g Mahmud, 2011, Bamfo & Kraa, 2019; Issau, 2019) looked at market orientation and SMEs' performance in Ghana. Even though the above-mentioned studies looked at customer focus, it rather looked at it as an element of market orientation which further suggests the scanty nature of the study on customer orientation and firm performance in

the Ghanaian context. Again, Customer orientation has been studied and applied to various sectors of the world economy (Li, et al., 2020; Tajeddini, et al., 2013; Ziggers & Henseler, 2016). In Ghana it has been applied to the SMEs to understand the effect of customer orientation, an element under market orientation, on firm performance. In this contemporary knowledge-based business environment a lot of attention is given to how to collect important knowledge from relevant stakeholders for business strategy. Despite the presence of information overload in some sectors of the Ghanaian economy, this information has not been used adequately to improve on SMEs performance. It is therefore necessary for the SMEs to know how information collected could be turned into an important knowledge for their strategic directions. In addition to examining the outcome of customer orientation on firm performance, this study further looks at the important role of customer orientation on customer knowledge management among the SMEs in Ghana.

The majority of prior research on customer orientation mostly concentrated on the developed markets (e.g. Zhang & Yang , 2018; Kadic-Maglajlic et al. 2017; Dabrowski et al., 2019; Narver and slater ,1990; Shaw et al., 2011). There are few recent studies that were undertaken within the specific context of Ghana (e.g. Li et al., 2019; Adusei, et al., 2020; Gonu et al., 2023) and other African nations. Moreover, the above-mentioned Ghanaian related studies looked at customer orientation and customer satisfaction (Gonu et al., 2023; Li et al., 2019), Sales orientation and customer orientation (Adusei et al., 2020). In addition, the studies looked into the banking sector and the public utility sector in Ghana. Ghana's distinct socio-economic, cultural, and corporate environment is not well addressed in terms of SMEs context-specific insights in respect of customer orientation and customer knowledge management. This also comes with further addition of the moderating role of customer-employee exchange to ascertain the central role of exchanges between customers and employee in determining the impact of customer orientation on customer knowledge management. Furthermore, customer knowledge management is used as a mediating variable on the effect of customer orientation and firm performance.

Exchanges between enterprises and their clientele cannot be underestimated. Customer-employee exchange is an important element in determining the extent to which firms and consumers exchange communication between them. Generally, customer-employee exchange involves the means through which companies disseminate a message to their target market and the strategies and processes they employ to build, maintain, improve and capitalize on these relations (Shakeel et al., 2024). It refers to the overall interactions that firms or its employees have with its customers. Taking this study into consideration, customer-employee exchange is defined as the conscious effort made by both employees and customers to see to the successful

execution of the exchange relationship. As interactions between customers and firms become key the study tries to look at customer-employee exchange's role in the relationship between customer orientation and customer knowledge management.

A study on the interplay among the elements of customer orientation (customer focus, customer commitment and customer communication) and customer knowledge management in Ghana is yet to gain attention. This, and coupled with the paucity of study on examining the moderating role of customer-employee exchange in the relationship between customer orientation and customer knowledge management, especially among SMEs in Ghana call for attention. For that reason the study intends to identify the important role of the interactions between an employee and the customer and how it influences the extent of customer knowledge acquisition. Furthermore, the study takes a look at how customer knowledge management has an effect on firm performance.

### **1.3 Significance of the Study**

This study examines the significant relationships that exist among customer orientation elements (focus, involvement and communication), customer knowledge management, customer-employee interactions and firm performance. Specifically, it tries to unearth the important role of customer orientation on customer knowledge management. Customer knowledge management has been found to be significant in helping firms target their customers well, especially when the knowledge acquired is managed well.

Customer-employee exchange is an important way of sharing information with customers. Despite many studies on customer orientation in different sectors, with many seemingly focusing on the outcome of customer orientation on firm performance, this study provides a little tweak from the rest. The difference lies in finding out the moderating role of customer-employee exchange between customer orientation and customer knowledge management. The findings here would enable the firms in question decide whether to put more effort in the informal communications its employees have with the customers in gathering customer information or go through the more traditional way of customer information gathering. The importance of communication cannot be understated as argued by Jenes (2021) in respect of the importance of communication in customer oriented country, similar can be said about customer oriented enterprises.

It is estimated that more than 70% of SMEs close down within their introductory year (Chinje, 2015). In Ghana, the mortality rate is estimated to be approximately 70% failing within the first five years of existence according to (Asare & Yawson, 2022). This also, tied with the lack of managerial (marketing) skills to operating small businesses Bank (GCB) (2023). This calls for an enhanced accumulation of marketing knowledge and this will go a long way to ensure that firms are able to improve on their businesses. Therefore, It is essential for SMEs to strategically adopt some marketing practices, knowing the high mortality rate that SMEs face (Jamil, 2023).

The researcher seeks to explore the effect of customer orientation on customer knowledge management, especially in an SME context in Ghana. Given the many challenges faced by SMEs in Ghana, such as lack of capital & access to credit, entry of multinational firms, low research & development and lack of credit, limited technology adoption among others, the study is significant because it will help the managers of SMEs to realize the critical role of the customer in the acquisition and application of valuable knowledge

This study further adds to the literature on customer orientation and customer knowledge management. Much of the literature on customer orientation looked at the result of customer orientation on firm performance. In this study however, in addition to the influence on firm performance, the researcher seeks to explore the effect of customer orientation on customer knowledge management, especially in an SME context in Ghana.

#### **1.4 Research structure**

To achieve the overall objective of the study, the study is divided into eight (8) chapters. Chapter one looks at the introduction of the study. It describes brief overview of the background to the study, defined the research problem, significance of the study and the research structure. Chapter two looks into the description of the relevant literature in respect of the topic of consideration. Furthermore, the chapter provides analysis and discussion of the extant literature. The third chapter states the research questions, research objectives, as well as the hypothesis of the study. The fourth chapter provides a detailed discussion on the methodology adopted for the study. Chapter five offers the detailed analysis of the data. It delved into bringing out the relationships among variables identified in study. In Chapter six, the researcher offers the empirical findings of the study, conclusions and recommendations. In chapter seven the study presents the new scientific findings results. Finally, chapter eight provides the summary of the whole study.

## **1.5 Chapter Summary**

Chapter one started off with introduction which essentially looked into the background of the study. The background consisted of the broader aspect of the topic under consideration. Therefore the researcher introduced the concept of market orientation, which was advanced or made popular by Narver & slater (1990) and Kohli & Jaworski, (1990). The section further indicated the various aspect of market orientation, which includes one of the subject areas under discussion; customer orientation. Customer knowledge management and customer-employee were briefly introduced as part of the background to the study.

Problem statement was discussed under this section. A compelling argument is made for the case of the Ghanaian SMEs to look into the essence of gathering knowledge and using same for competitive advantage. Again, it further explained why we need to understand the role of customer-employee exchange in the enhancing knowledge management through customer orientation. Essentially the problem statement suggests that SMEs, while they understand the importance of customer orientation on firm performance, they do not appreciate the role played by customer-employee interactions and customer knowledge management; hence focus on the roles played by those customer knowledge management and customer-employee exchange.

The section further indicated the significance of the study to include the additional variables in the customer orientation/firm performance literature of customer knowledge management as well as customer-employee exchange. The chapter ended by providing the vivid picture of how the structure of the thesis looks like. The next chapter (Chapter 2) provides important information regarding the topics under consideration, customer orientation, customer knowledge management, customer-employee exchange as the extant literature. It further makes the argument regarding the gap that has been identified in the study and the need to fill gap.

## CHAPTER 2

### LITERATURE REVIEW

#### 2.1. Introduction to literature review

In this section, the study provides the literature and related theories on customer orientation and customer knowledge management. It looks at the intricacies on the evolution of market orientation and then further narrows it down to customer orientation (a constituent of market orientation proposed by scholars in the marketing literature). Furthermore, the chapter discusses customer knowledge management and its importance, customer-employee exchange, customer value, customer focus, customer involvement, customer communication, customer engagement. In relation to the subject area, this segment as well presents information regarding SMEs and their operations in Ghana.

#### 2.2 An overview of market orientation

The market orientation is still a relevant concept in the marketing domain since the 1990s (Gangwani & Bhatia, 2024). As argued by Ngo (2023) among the most extensively researched concepts in the marketing literature is market orientation. Cooper (2019) views market orientation as an element of strategic orientation where firms are able to adopt in order to grow successful new products. Several authors have given definitions of market orientation in various research works. It is first and foremost necessary to appreciate the delineation of market orientation. Sahi et al., (2018) mention that marketing academics and practitioners alike have come to the agreement that market orientation represents the operationalization of the marketing concept. Market orientation is said to predict the design and delivery of a firm's market offerings and further evaluate the extent to which each value offering may contribute to firm performance (Narver & Slater, 1990). Ayimey et al., (2018) argued from the study of Naver & Slater (1990) that market orientation can be looked at as the perspectives of the organizational culture with the responsibility of creating the indispensable behaviors for the creation of superior value for consumers and potential customers alike.

Market orientation was theoretically advanced as the effective behaviors necessary to put forth values for the customers as well as continuously increase better-quality of performance (Naver & Slater, 1990). Market orientation is one of the established terms and still remains relevant

(Gangwani & Bhatia, 2024). It is an imperative tactical orientation, where enterprises with an elevated level orientation develop the ability to achieve excellent innovation performance which may include new product development as well as new service processes (Ngo and. Cass, 2012). Market orientation is said to include a culture that accentuate the creation of the needed customer value through a shared value concepts, behavioral norms, as well as a valuable process combinations (Naver and Slater, 1990). This is to help gear the processes to achieve a desired organizational performance.

Market orientation is therefore regarded as critical variable in the process of forming startup performance (Wu et al., 2024). Kohli & Jaworski (1990) defined market orientation as the process by which companies acquire market information related to customer demands, be it current or future, continue to disseminate the information throughout the company, and respond to customer and market information. Thus the information being sought could be used for the purpose of targeting current customer and market needs as well as future customer and market needs. Information for future needs are used to predict some possible changes in consumer demands, as environmental dynamics have over the years proven to influence consumer tastes and preferences in an unimaginable way.

Narver & Slater (1990) define market orientation as the culture of the enterprise that creates the essential behaviours to aid it in creating better value for buyers as well as continuous business improvement. The understanding from the meaning is that, market orientation comes with two (2) main attributes: 1. that market orientation concentrates on customer demands and 2, it helps to create higher customer value than competitors (Narver & Slater, 1990). Further, inferring from the explanation above, market orientation can be said to be the process where organizations put systems in place to create the necessary culture that would enhance value creation. The aim has always been to satisfy the customer, so the creation of a robust system can help provide a sustainable organizational culture (set of desirable behaviors) that can work for a long foreseeable future.

Kohli & Jaworski, (1990) viewed market orientation as a behavioral activity, where the firm engender market intelligence, allocate the information to pertinent sections at the enterprise, as well as being responsive to those intelligence gathered. This view by the author suggests that responsibilities come in the form of generation of market intelligence; provide the necessary intelligence to department; and then respond to the market regarding the information gathered. These responsibilities are supposed to be coordinated from the beginning. Uncoordinated

activities usually result in disjointed information gathering and the firm may not effectively provide the best of value for customers as expected.

Kohli & Jaworski (1990)'s conceptualization of the market orientation concept is in respect of three aspects; top management, interdepartmental dynamics and organizationwide systems that determine the level of market orientation in any organization. From the conceptualization, top management commitment is seen to serve as the prerequisite to a market orientation; interdepartmental dynamics indicates the collaborations of all required departments of the organization and organizationwide systems refers to the timely distribution of appropriate information (Kohli & Jaworski, 1990). Luo et al., (2017) contend that in terms of business model innovation, market orientation is viewed as a proactive form of market-oriented innovations, which in the end benefit from market-oriented strategy implementation and results in innovative market growth, new customer acquisition, and new business exchanges.

Furthermore, in a study by Schulze et al., (2022) on market orientation (concentrated on competitor orientation) and firm performance the authors distinguished between two major perspectives of market orientation; behavioural and cultural. It is however to be noted that the distinctions were carved from the works of (Kohli & Jaworski, 1990) and (Narver & Slater, 1990). The authors (Schulze et al., 2022) suggest that the behavioural aspect looks at market orientation in terms of managerial activities related to information collection, whereas the cultural perspective relates to firm standard and values (Schulze, Townsend & Talay, 2022).

According to Iyer et al., (2019) despite the existence of different conceptualizations of market orientations (e.g. Deshpandé et al., 1993; Kohli & Jaworski, 1990; Narver & Slater, 1990), there is the agreement amongst the scholars that market orientation generate the needed behaviors for improving greater value for customers through the collection and distribution of market intelligence. To improve market performance it is argued that market orientation to a greater extent makes it possible for firms to obtain precious market information (Slater & Narver, 1995) and this helps firms to become proactive in the marketplace. The work of Iyer et al., (2019) on market orientation and brand performance, recognize the categorization of market orientation by some scholars into two (2) main forms; Proactive market orientation and Response market orientation.

Proactive market orientation represents the situation where the core intent is to identify and tackle customer needs that are not met yet due to lack of information or non-existing product (latent needs) (Iyer et al., 2019). The essence is to identify customer and market opportunities (*ibid*). Responsive market orientation, however, centers on understanding current customer needs

which is primarily a customer-led orientation (Iyer et al., 2019) which emphasizes an organization's interest in data collection and subsequent response. Rather than looking to identify future customer needs, the responsive market orientation enables organizations to satisfy current needs through new product development (Iyer et al., 2019).

The other elements as identified in the literature are competitor orientation and inter-functional coordination. Competitor orientation refers to a seller's understanding of "the short-term strengths, weaknesses, long-term capabilities, and strategies of both the key current and the key potential competitors" (Narver & Slater, 1990). Inter-functional coordination suggests that different functional areas of the firm are able to communicate and collaborate, and this allows them to understand each other perfectly (Jiang et al., 2020).

**Table 2. 1: Summary of market orientation definitions from the literature**

<b>Author(s)</b>	<b>Year</b>	<b>Definition/views</b>
Narver & Slater	1990	The organization's norm that most successfully generate the required behaviors for the formation of better value for buyers and, thus, continuous superior performance for business.
Kohli & Jaworski,	1990	A behavioral activity, where the firm produces market information, distribute the information to pertinent divisions and individuals in the firm, as well as being responsive to those intelligence gathered.
Kumar, Subramanian, & Yauger,	1998	A firm's tactical way to meet customers and competitors.

Source: The author's edition based on Narver & Slater (1990); Kohli & Jaworski (1990); Kumar, Subramanian & Yauger, (1998)

Their (Naver and Slater, 1990; Kohli and Jarwoski, 1990) popularity and wide applications have garnered interest in understanding differences and similarities between both works. To begin with both works differ in different aspects. In the first place they differ in terms of the philosophy behind their concepts. Kohli and Jarwoski (1990) view market orientation in the light of behavioural activities such that the firm will focus on how it organizes its activities in the implementation of its marketing strategies. Naver and Slater, (1990) however, views market

orientation in the light of culture. This suggests that the organization needs to develop a culture of its own and ensure that it is practiced throughout the organization. They also differ in terms of their respective dimensions. Whilst Kohli and Jarwoski (1990) view the dimensions of market orientation as intelligence generation, intelligence dissemination and Responsiveness Naver and Slater, (1990) on the other hand view their dimension to include customer orientation, competitive orientation and interfunctional coordination. Again, whilst Naver and Slater (1990)'s information gathering centers on the customer Kohli and Jarwoski (1990) view the source of information to go beyond the customer to include other environmental factors of the industry the firm is operating in.

Despite their inherent differences, the conceptualizations of market orientation by Kohli and Jarwoski (1990) as well as Naver and Slater (1990) share some similarities. Both conceptualizations recognize the customer as the most important stakeholder and source of information. The customer is supposed to be treated with utmost care in order to get the maximum benefit out of them in terms of market intelligence. Again, both conceptualizations recognise the importance of market intelligence. Market intelligence, when collected well, can serve as an important tool to gain advantage over the competitor. Both sets of authors also recognise the vital role of all functional areas to coordinate in order to succeed. One of the dimensions for Naver and Slater (1990) is "interfunctional coordination" and that of Kohli and Jarwoski (1990) is "intelligence dissemination". Both of these dimensions essentially make reference to the importance of distributing relevant information among functional areas of the business. It allows all the functional areas to speak the same language or better still be on the same level when it comes to market intelligence. It also ensures that all functional areas receive adequate information necessary for decision making.

Furthermore, the two sets of authors recognize the need for to understand the role of competitors. For Naver and Slater (1990) competitor orientation is clearly indicated in the three dimensions and to refer to the gathering of information regarding the competitor. However, for Kohli and Jarwoski (1990) the role of the competitor is subtly referred to in their "intelligence gathering" dimension. This presupposes that both works support the idea that the collection of competitor information is integral part of market orientation. What they both failed to recognise is that, market volatility can cause different behaviours for competitors leading to different sets of strategies. Therefore there is the need to identify the reasons behind any sort of information gathered about the competitor and context will be clearly understood.

Both works (Naver and Slater, 1990; Kohli and Jarwoski (1990) have linked the importance of market orientation to firm performance. The outcome of the market orientation processes, taking into consideration all the aspects of their respective dimensions are linked to an improved performance of the firm. This conclusion drawn is not in isolation when it comes to both works, but other several works on the market orientation concept have come to that conclusion.

### **2.3 Competitor orientation and inter-functional coordination**

The customer and competitor orientation dimensions of market orientation are the elements that focus on the firm's outside environment (Narver & Slater, 1990). Competitor orientation is recognized as one of the components of market orientation (Naver & Slater, 1990) and it refers to a seller's understanding of "the short-term strengths, weaknesses, long-term capabilities, and strategies of both the key current and the key potential competitors" (Narver & Slater, 1990, p.21). It refers to the ability of the organization to identify, examine and react to current and potential competitors' flaws, positives, and strategies (Gatignon & Xuereb, 1997). It centers on accumulating information on competitors as well as scrutinizing their activities (Gao et al., 2007). Competitor orientation allows firms to acquire important competitive knowledge through searching and observing competitors' activities (Zhou et al., 2009).

The essence of competitor orientation is to largely provide important insight into the strengths, weaknesses as well as the strategies and marketing programs of competitors. This enables firms plan and achieve important competitive advantage over their competitors and potential competitors. It further leads to the development of inventive marketing programs by the firm, and this is expected to improve the performance of the firm. It is however worthy of note that when firms concentrate only on the strength and weaknesses of the competitors, some important elements that affect decision making may be glossed over. Market forces are important factor that influence decision making and need to be included. Again, when collecting information about the competitor, firms must take notice of future projections of the market as it has the tendency to influence firm decision making.

Crick, et al. (2020) add that knowledge of competitor actions may be a significant factor in improving the quality of value co-creation strategies, hence increasing the enterprises' chances of driving sales. The higher the competitor orientation the more the firm is able to gain competitor insight, especially in terms of its capabilities. This enables them become quickly responsive to competitor actions and achieves some level of differentiation advantages (Langerak, 2003). Being responsive to competitor actions is essential to gaining competitive

advantage, especially when done well. Competitor actions must be anticipated in the light of the conditions of the market and not in isolation. When viewed in isolation, the firm has the tendency of drawing the wrong conclusion about competitor actions.

The inter-functional coordination dimension is seen as an internal process, where firms are able to manifest their organizational culture effectively (Ozkaya et al., 2015). From the inter-functional dimension, firms' internal process are said to be well coordinated, and this allows all internal functions to cooperate with each other to achieve set objectives. The objectives must necessarily emanate from the firm's mission. This is further communicated to the relevant functional areas. Different functional areas of the firm are able to communicate and collaborate, and this allows them to understand each other perfectly (Jiang, Rosati, Chai, & Feng, 2020).

Commitment and trust are further adduced from the collaboration functions of the functional areas. According to Narver & Slater (1990) the inter-functional coordination relies on communication and coordination by functional areas of the organization. They therefore jointly involve in activities yearned towards superior value creation (Narver & Slater, 1990). Inter-functional coordination induces an organizational culture by way of improving on innovative ideas among employees as a result of persistent collaboration (Yalcinkaya, et al. 2007). Consequently, this dimension plays a role of encouraging the sharing of market information to relevant departments within the firm, and this serves as a crucial element for innovation and development (Jim'enez-Zarco, Martínez-Ruiz, and Izquierdo-Yusta, 2011).

## 2.4 Customer orientation

Narver & Slater (1990) conceptualized the market orientation concept to include (1) customer orientation, (2) competitor orientation and (3) inter-functional coordination. Customer orientation represents the focus on the buyer/customer as the main target; Competitor orientation focuses on identifying the strengths and weaknesses of competitors. In evaluating competitors, it may not be enough to concentrate only on the strengths and weaknesses of the competitor. It would be necessary to include the future circumstances of the market as it has an influence on the strategies of the competitor. Inter-functional coordination is the harmonization of all activities and functions within an organization Narver & slater (1990). Lee et al, (2021) argued that customer orientation serves as a vital focus of companies relationships with their markets. Since the essential element of the market orientation concept is the customer (Lee et al, 2021) the overall effort put up by the firms are aimed at creating superior value for them (Andreou et al., 2024), hence customer orientation. From the above argument, Customer orientation can be

seen as the most important dimension of the market orientation concept. Fundamental to the definition of the customer orientation concept is the shift from product-centric pattern to customer centric paradigm at the heart of organizational decision-making (Zhang et al., 2024)

It is argued that customer orientation is suggestive of organizational culture and climate that enables behaviors which ultimately improve superior customer value (Andreou et al., 2024). Naver & Slater (1990) define customer orientation as the satisfactory recognition of one's target buyers to be able to continuously create better value for them. The focus here is on the customers. Customers are viewed as the center of attention for superior value creation. Observations from the recent studies indicate that customer orientation is valuable strategic orientation for small business. This includes the generally recognized posture of small business gradually tilting towards client-focus behavior. Customer orientation refers to employees' drive to recognize and meet customers' needs and expectations through outstanding customer service (Viet Ha et al., 2025). With this in mind, customer orientation could be said to rely on firm's ability to learn from their customers in order to enhance superior value creation.

To Allen et al., (2010) customer orientation represents a customer-related individual ambition that drives a company to devote more determination in genuine treatment of customers. Zhang & Yang (2018) argue that customer orientation refers to the extent to which firms use information gathered from customers to develop strategy for customer satisfaction. In the work of Wong & Tong (2012) customer orientation is defined as an “active firm-wide process” which motivates the organization to endlessly identify and meet customer needs in order to provide superior value for its customers. Customer orientation can therefore be seen to include learning about consumers, learning about the market, using the information gathered to improve performance as well value creation.

It could be argued that customer orientation is organization-wide policy of gathering relevant customer information through various customer touch points such as email, the premises of the organization, website, social media and other digital outlets. This information could range from common demographic variables to more complex consumer decision making process information. The essence is to improve product (service) performance. A business that is running customer focus activity is suggestive of customer-centric marketing. This means that the information gathered could be used to identify where gaps are created during the service delivery and in order to serve the customer better. Small businesses and their owners create some level of closeness with their customer base, and this makes customer orientation a fascinating idea for businesses to efficiently employ to be aware of customer needs (Neneh, 2019). This makes it

possible for the businesses to provide the customers with a ‘high-quality’ service which eventually lead to customer satisfaction, hence repeat purchases (Kadic-Maglajlic et al. 2017).

Furthermore, Zhang & Yang (2018) identified three distinct sub-dimensions of customer orientation to include customer focus, customer involvement and customer communication. Customer focus is explained to refer to the level to which an organization act in response to customer concerns (Zhang and Yang, 2018); customer involvement includes the extent to which customers are included in the development of products (Feng et al., 2014) and communication with customers also referring to the timely nature of information delivery for customers) (Zhang and Yang, 2018).

**Table 2. 2: Summary of Customer orientation definitions from the literature**

Author	Year	Definition/views
Allen, Douglas, Grandey and Groth, M.	2010	customer orientation represents a customer-drive individual goal that drives a company to assign more determination in genuine treatment of customers
Viet Ha et al., 2025).	2025	Customer orientation refers to employees’ drive to recognize and meet customers’ needs and expectations through outstanding customer service
Shaw, Bailey, & Williams,	2011	Customer orientation is customer centricity connected to the collection of first hand customer information
Naver and Slater	1990	The adequate know one’s target buyers to be able to create greater value continuously for them.
Wong and Tong	2012	an “active firm-wide process” which motivates the organization to endlessly identify and meet customer needs in order to provide superior value for its customers

Source: The author’s edition based on Alle, et al, 2010; Wong and Tong, 2012; Shaw, et al, 2011; Naver and Slater, 1990; Wong and Tong, 2012

## 2.5 Customer orientation studies in Ghana

In the Ghanaian context Gonu et al., (2023) carried out a study on customer orientation, service quality and customer satisfaction. The central theme of the study was to investigate the role of customer orientation in achieving greater customer satisfaction in the banking industry (ibid). After sampling 391 respondents from commercial bank customers the study concluded that customer orientation was identified as a ‘key predictor’ of customer satisfaction (Gonu et al., 2023). The study concentrated on the customer perspective. Additionally, a study by Adusei et al., (2020) was conducted on sales-orientation and customer orientation of Direct Sales Executives (DSE) on sales performance in the banking industry (Fidelity Bank). Findings of the

research suggested that customer-oriented culture was largely emanated from reliable customer information. This further resulted in the improvement of the performance of Direct Sales Executives, and this enabled them convinced their customers to buy well. It is therefore essential to point out that customers' information enables employees developed important knowledge of firm services. Furthermore, a research was done on Employees' customer orientation and customer satisfaction in the public utility sector by Li et al., (2019). The researchers set out to determine the mediating role of service quality on customer orientation and customer satisfaction in the public utility sector of Ghana. It was realized that most public institutions have a 'built-in' customer base, and so less importance was placed on employees' customer orientation (Li et al., 2019). The study, however, found that customer orientation behaviors extensively played a role in influencing customers' perceived service quality and satisfaction towards public institutions.

Further, Asamoah et al., (2020) conducted a research on supply chain management and customer-oriented performance, concentrating on SME's in Ghana. The study set out to assess the link between social network relationship, supply chain resilience and customer oriented performance. Findings from the study in respect of the customer orientation construct are that supply chain resilience impacted on customer-oriented performance. In this study however, customer-oriented behavior was used as an outcome of supply chain management.

A study was further done by Collins, Jacob & Stephen (2019) on the assessment of the performance of customer orientation of SMEs service firms, and this time with an additional construct in service innovation. The study sought to offer a workable framework in order to help provide the enlightenment on the function played by service innovation in the association between customer orientation and firm performance. After sampling 142 participants from auto service providers (SMEs) findings suggested that customer orientation as well as service innovation both add significantly to the performance of SMEs (Collins et al., 2019). The study further found partial mediation of innovation between customer orientation and firm performance (Collins et al., 2019).

## **2.6 Customer orientation and firm performance**

This section looks at the various literature in respect of the impact customer orientation has on firm performance. Most of the customer orientation studies were done with the view of finding the effect of the concept on firm performance. Firm performance is relative as different organizations set different targets for their businesses. The implementation of customer orientation practices also differs, taking into consideration, the firm type. For service

organizations, the employee is largely dependent on to deliver good customer care. In organizations noted for goods (or manufacturing) less dependence is placed on the employee when compared to the service organization. In this review, firm performance is defined as the desirable outcome expected of customer-oriented organizations. This could be financial or non-financial. Non-financial performances can be loyalty, good image, favorable word-of-mouth recommendation etc.

A study by Li et al., (2020) on customer orientation and firm performance set out to investigate how knowledge creation process mediates the association between customer orientation and firm performance. Findings of the study suggest that customer orientation has a direct relationship with firm performance operationally and financially. Furthermore the study adds that “small hotels can improve their firm performance through customer needs’ focus. Tsotsou & Ratten (2010) in their study on tourism marketing directions maintained that customer orientation has a direct cause on firm performance in the hotel industry. In 2010, Tajeddini conducted a study on hotel managers and owners in Switzerland (German and French speakers). The researcher collected data from 156 respondents. Findings from the study indicated that customer orientation alongside entrepreneurial orientation, and innovativeness have a positive influence on firm performance.

Tajeddini et al., (2013) conducted a study on the role of customer and entrepreneurial orientations on the competence of small retailers. Findings from the 216 respondents indicate that customer orientation is found to positively improve both efficiency and effectiveness. To be more precise Rapp et al., (2010) conducted a study on customer orientation and customer relationship management technology. The findings suggest that customer orientation alongside customer relationship management technology influences firm performance in terms of customer relationship building. In a study on Ziggers & Henseler (2016) customer orientation and firm performance it was revealed that acquiring competitive advantage and achieving business success has been the hallmark of customer orientation. Similarly Valenzuela et al., (2010) concluded that customer orientation increases customer demand over an extended period.

## **2.7 Customer knowledge management**

Knowledge management has been identified as a vital strategic tool for effective competitive advantage (Wang et al., 2023). Camară (2024) assert that customer knowledge management refers to the knowledge management strategies that help to manage the knowledge gained through customer-firm communication. It arises when firms develop first hand engagement with

customers (Jaziri, 2019). Marketing activities largely require the use of information in order to take decisive decisions. This information can be gathered by the organization through, internal or external sources. With internal sources the organization comes into contact with its customers regularly and is able to take information regarding purchase decisions, bio data, changes in taste and preferences and others. Externally, information can be gathered through extensive and effective market research activities. When information is gathered, it has to be turned in to important knowledge for the organization to achieve its set objectives.

Customer knowledge management is a managerial strategy that ensures that relationships between customers and firms are supported and enhanced (Kakhki et al., 2021). Mehdibeigi et al., (2016) explained that customer knowledge management involves the processes that are connected to the identification and acquisition of customer information and the creation and operation of customer data. Kakhki et al., (2021) looks at customer knowledge management as a managerial strategy; set of activities and plans a firm intends to undertake in its marketing decision. Mehdibeigi et al., (2016) on the other hand looks at customer knowledge management as a process; concentration on procedures designed to acquire knowledge and use same for overall firm benefit

This suggests that the concept of customer knowledge management stems from first; the firm's skill to acquire/organize knowledge from the customers, and then secondly, the ability to use the knowledge gathered. Knowledge can be sought from customers through regular interactions with them. This can be in the form of sales, feedback/complaints, order processing, payment etc. These actions open up an important platform for firms to share vital information with their important stakeholders. Thus, customer knowledge management provides the opportunity to exchange information, which the firm turns into a strategic knowledge for competitive advantage. Jiebing et al. (2013) postulates that customer knowledge management concerns a firm's ability to manage and utilize customer-related knowledge. Hanaysha & Al-Shaikh (2022) adds that knowledge management is the ability to generate, sort out, store, use and circulate vital knowledge within the firm; its underlying principle is centered on maximizing firm usefulness via knowledge storage. This designation echoes that customer knowledge management cannot be viewed in isolation and that customer relationship management is essential in achieving the goal of customer knowledge management. The context here is the fact that customer relationship management makes use of customer information in its implementation. This understanding is necessary, knowing that both customer knowledge management and customer relationship management make use of information gathered from customers from different customer touch-points

The study by Salomann et al., (2005) set out to understand good practices in rejuvenating customer management. Using cross-case analysis of three companies, the authors conceptualized customer knowledge management into knowledge *for, from* or *about* customers effectively. Knowledge *for* customers represents product information; knowledge *from* customers represent customers ideas about product enhancement and knowledge *about* customers has to do with customer requirements and expectations (Salomann et al., 2005). Khosravi and Hussin (2016) argue that effective customer knowledge management seriously relies on how a firm can cultivate and manage customer relationships to gain, distribute, and make use of customer knowledge positively in the interest of the firm. This view is suggestive of the fact that the process of collecting information is essential as the wrong application of the process has the potential to yield useless information. When processes are mentioned, it is vital to note that a straight-jacketed process that does not open up for the possibility of adaptation can as well be rendered ineffective. Therefore, provisions must be made to allow employees to be innovative when confronted with unexpected challenges.

Customer knowledge management allows mutually beneficial engagements between customers and organizations by making use of customer knowledge. Gibbert et al. (2002) further contend that an organization can obtain knowledge that dwell in the customer, allocate and expand the knowledge by regular customer interaction. It is also vital to stress that with customer knowledge, managers require a diverse knowledge and mindsets along some identifiable variables. They therefore focus on, primarily, knowledge *from* customers; thus knowledge existing in the minds of customers instead of focusing on knowledge *about* customers (Gibbert et al., 2002). Whilst focusing on the knowledge *from* customer (information essentially gathered from customers on first-hand bases) is good, it is difficult to ignore knowledge *about* customers. Knowledge *about* customers concerns information collected (not from the customers) to understand customer behavior. The downside of the view espoused by (Gibbert et al., 2002) is that certain relevant information *about* customers that can contextualize the information collected from customers could be missing and therefore maximum benefit could be lost.

Salojärvi et al., (2010) argued that, after collecting information and turned that into knowledge, the most critical aspect at this stage is utilizing the knowledge. In order to fully take advantage of acquisition and dissemination, effective utilization of the knowledge must be streamlined to achieve the maximum impact/objective. As defined by Jayachandran et al., (2005) knowledge utilization refers to the ability of the firm to make use of the current knowledge *about* and *from* the customer in order to improve customer relationships. Knowledge exploitation may be the most critical aspect, in that, all the benefits of the previously mentioned phases (i.e. acquisition

and dissemination) accrue in the utilization process and benefits the firm. As mentioned in Salojärvi, et al., (2010), Darroch (2003) was of the view that knowledge management encompasses three distinct processes which are; acquisition, dissemination and the use of responsive knowledge. Acquisition of knowledge is the process of putting systems in place to collect information from relevant sources (especially customers). This information can be gathered through various channels of contacts with the relevant stakeholders. The essence here is that the systems put in place must be deliberate in order to collect right information. Knowledge dissemination deals with the circulation of information to the right individuals in the firm. The information must be the right one and must necessarily reach them on time to enable excellent decision making. Responsive knowledge deals with the knowledge used in response to market situations that have arisen.

Gibbert et al., (2002) acknowledge that customer knowledge management may be perceived as another form of customer relationship management. Their work on knowledge management indicated the clear delineation among three vital constructs; customer knowledge management, customer relationship management and customer knowledge. For customer relationship management, the firm has to provide some specialized knowledge as well as improvement in business-consume contact to understand their demands (Gazi et al., 2024). Also, Kumar and Mokha (2022) suggest that customer relationship management involves using past data to make current performance better. As postulated by Salomann et al., (2005) customer relationship management (CRM) and knowledge management (KM) initiatives are intended for similar objectives: thus the provision of continuous improvement towards customers. Thus, while the processes are not deemed to be the same, both are looking at the same objectives. To use customer relationship Management, firms must be able to improve on their business-consumer contact to understand their demands.

Customer relationship management is argued to be one of the deliberate strategic ways that permits a business to get better understanding of customers' needs and expectations by learning about their historical purchase activities (Hanaysha & Al-Shaikh, 2022). It is suggested that the foundation of customer relationship management stems from the concept of relationship marketing (Luck & Lancaster, 2003) where relationships are kept well for mutual benefit between the firm and the customer. As postulated by Nilashi et al., (2023) customer relationship management is the method of marketing management whose aim is to establish, grow and make better the relationship with prospective customers to maximize corporate profit and improve customer value. According to Alt & Reinhold (2012), customer relationship management represents a technology-based practice which allows a firm to get crucial information about

customers' needs for the purpose of building profitable relationships. Minami & Dawson (2008) also adds that previous studies viewed customer relationship management as a hypothesized philosophy which states that building a long-term relationship with customers serves as the bases for improving brand satisfaction customer loyalty.

Nilashi et al., (2023) argued that customer relationship management is usually aligned to the achievement of the relationship marketing strategies. Customer relationship management helps to place an emphasis on 2-way communication between the firm and the customer (Payne & Frow, 2004). Small and medium-sized companies (SMEs) are expected to garner the benefits of customer relationship management (CRM) when it comes to both consumer knowledge as well as value creation. As postulated by Hanaysha & Al-Shaikh (2022) the implementation of customer relationship management makes it possible for firms to acquire vital information about customer needs and expectations. They further continue to serve them well, especially when the firm gets positive feedback from the customers (Hanaysha & Al-Shaikh, 2022). In essence the responsibility now lies on the firms to ensure consistent search for information about customer needs and expectation which would eventually help provide the desired values for customers (Soltani & Navimipour, 2016).

Both customer knowledge management and customer relationship management share some similarities. It is instructive to note that both concepts focus on the customer as the source of information. The objective of both is to be able to use information to either gain or enhance competitive advantage. This is the case even if customer relationship management relies on using data to improve sales and customer knowledge management turns information into useful knowledge. Both concepts also require systems to achieve their goals. Systems differ from firm to firm, and largely dependent on the vision of the firm in question. SMEs need to be adaptive when it comes to the use of systems for customer knowledge management. The concepts however, differ in certain aspects as well. Customer relationship management largely uses data to enhance customer relationships whereas customer knowledge management use information and turn it into knowledge in order to create or improve customer value.

**Table 2.3: customer Knowledge Management versus Knowledge Management versus Customer Relationship Management.**

	KM	CKM	CRM
<b>Knowledge sought in</b>	Employee, team, company, network of companies.	Customer experience, inventiveness, and (dis) satisfaction with products/services	Customer Database.
<b>Rationale</b>	integrations of employees' knowledge about customers and sales processes	Direct acquisition of knowledge from the customer. Expansion of knowledge.	Mining customer information from the database.
<b>Objectives</b>	Improvement in effectiveness such as cost saving	Partnership with customers for mutual value creation.	Development of customer base to retain customers.
<b>Benefits</b>	Customer satisfaction	Customer accomplishment, innovation, organizational learning.	Customer retention.
<b>Recipient of Incentives</b>	Employee	Customer	Customer
<b>Role of customer</b>	Inactive, recipient of product	Customers are active, partners in value-creation process	Captive, tied to product/ service by loyalty schemes.
<b>Corporate role</b>	Promote knowledge sharing by employees	Move customers from passive recipients of products to active co-creators of value	Build long-term relationships with customers

Source: c.f. Gibbert, Leibold, & Probst, G., (2002)

Customer knowledge management provides a variety of important advantages for firms who effectively utilize it. It is argued that knowledge management provides the assurance with which businesses use information both internally and externally (Kumar and Mokha, 2022). In marketing, as with other disciplines, knowledge is a relevant element in decision making. Knowledge management can be said to provide the necessary tools in reduction of knowledge gap by way of people offering, accessing and sharing information to the relevant departments. It needs however to be said that, information being shared must be relevant. Knowledge management makes it possible for firms to harness information internally and externally (Kumar & Mokha, 2022). Salameh et al., (2020) mention that customer knowledge aids firms to properly

put their customer relationship management in the right perspective whilst at the same time enable them respond rapidly to customer needs and adaptation to the dynamic environment. Salojärvi et al., (2010) add that customer knowledge is necessary to aid in the creation of customer profile, design specialized organizational structure and unearth new opening for value creation and product improvement.

Despite the fact that it provides a vital competitive advantage for firms, Gibbert et al., (2002) argued that it is not without inherent problems. They argue that the problem of customer relationship management stems from cultural challenge and competency challenge. For cultural challenge, firms normally see customers as source of revenue instead of source of knowledge; whilst competency challenge deals with the fact that the existing system could have been designed for another purpose, so may not easily be adaptable in terms of customer knowledge acquisition (Gibbert et al., 2002).

## **2.8 Customer knowledge management and firm performance**

It is argued that knowledge creation forms as a driver for success and that firm do understand the importance of transmuting knowledge gained into financially viable opportunities with the use of IT tools such as company websites and other sources of information (Li et al., 2020). Khosravi et al., (2018) concluded that recent studies have come up with different organizational outcomes of effective customer knowledge management which include operational performance, innovation, and competitive advantage. Similarly, in their work on knowledge process and firm performance, Imran et al., (2018) conclude that knowledge process positively influences firm performance. In the same study knowledge conversion and protection do not have influence on firm performance. This study inherently looked at customer knowledge management in the light of knowledge process, knowledge conversion and protection. An element of the concept of customer knowledge management applied here by Imran et al., (2018) is the issue of protection. It does not make sense to gather relevant information on customers and not to use it adequately. In order to ensure the maximum use of the knowledge acquired, protection of the knowledge is necessary.

Fidel et al., (2015a) in their study on the role of customer knowledge management in the innovation process found a positive relationship between customer knowledge management and firm performance after randomly sampling 210 Spanish companies. These performances are related to innovation capacity and other tangible or intangible marketing results. Narayanan, Nadarajah et al., (2020) conducted a study on the outcomes of the knowledge management process of SMEs in Malaysia. The purpose of the study was to assess and validate the outcomes

of knowledge management. Findings indicate that knowledge management has an influence on organizational outcomes such as innovation speed and organizational performance. Despite their (Fidel et al., 2015a; Nadarajah et al., 2020) works being conducted in different environments (contexts) and times both findings put knowledge management as important factor in enhancing innovation. This serves as a very good measure of the importance of customer knowledge management.

A study on the customer knowledge management and its relationship with organizational performance and learning organization was conducted by Shieh (2011). After the study surveyed 322 respondents, it was concluded that customer knowledge management improves business performance, and this is achieved through information exchange and knowledge sharing. The study further found that customer knowledge management improves organizational communication and interactions with customers, though the relationship was not a strong one. Aside the direct influence of customer knowledge management on performance, which is not a strong relationship, learning organization as a concept is found to also play a mediating role in this relationship. Learning organization concentrates on building its employees through leaning and continuous development. It is therefore not surprising, knowing that a learning organization spends resources to enhance employees' general knowledge about the customer and the industry in general.

Adaileh et al., (2020) in their work on knowledge management and firm performance collected data from 170 managers from large and medium-sized companies in Jordan. Findings suggest that the application of knowledge has a positive explanatory power for performance. Thus knowledge management improves firm performance, whether medium or large companies. Similarly Lin (2015) did a study on knowledge management and its influence on scorecard outcomes. The objective was to examine the influence of knowledge management orientation dimensions on scorecard outcomes such as customer satisfaction and financial performance among others. Findings indicate that knowledge sharing which is an antecedent of knowledge management is an important predictor of internal process performance whereas knowledge absorption is vital for customer satisfaction improvement.

## **2.9 Customer engagement**

Customer engagement is frequently viewed as an important element in making the customer play a role in value creation or enhancement. In a study by Jaakkola and Alexander (2014, pp 248) on customer engagement behavior and value co-creation, the authors suggest that customer

engagement represents the “behaviors through which customers make voluntary resource contributions that have a brand or firm focus but go beyond what is fundamental to transactions, occur in interactions between the focal object and/or other actors, and result from motivational drivers”. Van Doorn et al. (2010) postulate that customer engagement involves the expression of some behaviors by customers toward a brand or firm outside purchase and that usually serves as an outcome of motivational drivers. It can also be explained as an investment of certain important resources which may include emotional, cognitive, behavioural and social knowledge as well as equipments into brand exchanges (Hollebeek et al., 2019).

Customer engagement is differentiated from co-production, in the sense that co-production refers to the extent of involvement of customer in service patronage (Vargo & Lusch 2008). Meanwhile with customer engagement, the customer behavior goes beyond the transaction to include a lot of voluntary actions which are influenced by certain implicit or explicit motivational variables. There are different views in the literature regarding its dimensionalities (Khan, 2023). Following the works of Brodie et al., (2011) and Hollebeek, (2018) on the conceptualizations of customer engagement Luo et al., (2024) identified three dimensions of customer engagement: cognitive, emotional and behavioral engagements. Cognitive dimension suggests a consumer's cognitive processing and mental elaboration of information related to the brand; emotional engagement indicates the extent of the customers emotional investment during the interaction with the brand; behavioral engagement suggests the extent of devotion in respect of time, effort and energy during brand interactions (Luo et al., (2024)).

From the study conducted by Brodie et. al., (2011), the researchers, drawing on the works of Patterson et. al., (2006) identified four major components of customer engagement; absorption, dedication, vigor and interaction. Absorption represents the level of awareness on a particular engagement object like the brand or the firm (ie. Cognitive); dedication suggests a customer's sense of belonging exhibited towards the brand or firm (i.e. emotional); vigor relates to the level of energy displayed by the customer in terms of resilience in the course of interacting with the brand or firm and; interaction suggests the two-way communications between the customer and the object or firm (Brodie, et. al., 2011). Brodie, et. al., (2011) further suggested that vigor and interaction are both related to the behavioral dimension of engagement. Jaakkola & Alexander (2014) in their study identified four (4) different forms of customer engagement behavior: (a) Augmenting behavior which suggests the contributions customers make in terms of resources like knowledge, skill, labor and time which directly add to the firms offering beyond the transaction; (b) Codeveloping behavior refers to the contribution of the customer in terms of knowledge, skill and time which would smooth the progress of the firm's development of the

offering; (c) Influencing behavior referring to the resources customers bring up such as knowledge, experience and time which are used to affect other actors' perceptions, preferences in respect of the focal firm, and; (d) Mobilizing behavior which refers to the resources customers bring to the exchange such as time to influence other stakeholders' actions toward the focal firm. As suggested by Jaakkola and Alexander (2014), the concept of customer engagement sees customers as exogenous entities, which are driven by their own distinctive rationale instead of those coming from the organization.

**Table 2. 4: Summary of some conceptualizations of customer engagement**

Author	Year	Conceptualizations
Luo et al.,	2024	Three (3) dimensions of customer engagement: a. Cognitive engagement, b. Emotional engagement and c. Behavioral engagement
Jaakkola & Alexander	2014	Four (4) different forms of customer engagement behavior: a. Augmented behavior b. Codeveloping behavior c. Influencing behavior d. Mobilizing behavior a.
Patterson et. al.	2006	Four (4) major components of customer engagement; a. Absorption, b. Dedication, c. Vigor and d. Interaction.

Source: The author's edition based on Luo et al., 2024; Patterson, Yu, & de Ruyter, 2006; Jaakkola & Alexander, 2014

The dimensions of the customer engagement behavior identified by (Luo et al., (2024). Patterson et al. (2006) and Jaakkola & Alexander (2014) are seen to be many-sided concepts, and that they all go beyond regular customer-employee interactions. Whilst the conceptualization by Jaakkola & Alexander (2014) are mostly grounded in service firms, those of Luo et al. (2024) and Patterson et al. (2006) can be said to focus on internal and external show of customer interaction with a product (brand) in either manufacturing or service firms. Again, while Jaakkola & Alexander (2014) dimensions are mainly behavioural, the dimensions propounded by Patterson et. al., (2006) focus on the psychology of the customer; relying on the thought and their feelings during the interactions. Despite the apparent differences amongst the three different conceptualizations, they all agree to the fact that customer engagement behaviours involve multi-behavioural aspects. For the maximum benefits of customer engagement to be espoused both

parties must be seen to be willing to engage. Willingness coming from only one party to engage without the corresponding effort from the other party will render the process ineffective.

## **2.10 Customer value**

Creating value is essential for any firm whose goal is to achieve firm performance. Value is created when firms are able to offer products/services that satisfy consumers (needs and wants) who pay price to the firm (Wilson et al., 2021). The consumer must necessarily view the price of the product as fair when comparing benefits to the cost incurred in purchasing the product. Khalifa (2004) suggests that customer value is at the center of business strategy and a good source of competitive strategy. Firms paying attention to the values that are created for the customer benefit from them.

Torkzadeh et al. (2020) mention that in order to accomplish a competitive advantage, it is essential that an enterprise understands customer value. Most importantly, in the field of marketing customer value is recognized as an important tool that triggers competitive advantage (Mishra et al., 2020). In essence, to achieve the goal of any corporate customer management, improving customer value is key (Griffis et al., 2012). As far back as 1988, Zeithaml defined customer value as the assessment of perceptual trade-offs between gains and losses from purchasing and using a product. This definition seems to neglect the essence replacement opportunity since customers will be aware of what the competitor is ready to offer: benefits and costs. Woodruff, (1997) provided a succinct definition of customer value to refer to a customer's supposed predilection for product attributes, performance and consequences as a result of use, which enhances customer goals. Similar to the works of Zeithaml (1988) Woodruff, (1997) also ignored the importance of available alternatives from competitors.

According to Holbrook (2006, p. 715), customer value is an “interactive relativistic preference experience,” that entails associations between a customer and a product, service, or store. This definition emphasized the importance of viewing customer value in context. Different consumers interact with same products in different ways. The outcome of the perceived value is dependent on how each customer interacts with the product. This means that it is not a straightforward evaluation, rather contingent contextual factors. It is instructive to note that Zeithaml (1988) Woodruff, (1997) and Holbrook (2006, p. 715) all look at customer value as an evaluation process from the perspectives of the customer. This is so, despite the differences in the evaluation process.

Sun et al., (2023) added another perspective of customer value which is different from the ones identified by Zeithaml (1988) Woodruff, (1997) and Holbrook (2006, p. 715). They (Sun et al., (2023) identified two different perspectives of the definition of customer value; the perspective of the customer and firm perspective. From the perspective of the customer, they argue that customer value is the difference between total customer value and total customer cost (Zhang et. al, 2016). The total life time value of the customer (customer lifetime value) within the lifecycle of the customer represents the firm perspective. This takes into consideration the lifetime purchases customers do make as well as the cost of serving the customers. The present value of all the profit created by the customer for the enterprise in its quest to maintain all the relationship with the customer is customer lifetime value (Rust et. al. 2000) [in Sun et al., 2023]. To put this in a proper context whilst Zeithaml (1988) Woodruff, (1997) and Holbrook (2006, p. 715) are subjective Sun et al., (2023)'s definition adds the perspective of the firm in the evaluation process.

A vital difference among the definitions of customer value lies in the interpretation of terms such as benefits and quality (Kumar & Grisaffe, 2004). Zeithaml et al., (2020) suggest that the trade-off consumers do make between benefits and costs (sacrifices) of the product represent a common conceptualization of the higher construct customer value. Customer value could be seen to go beyond the benefits of the product itself (Krawczyk-Sokołowska & Caputa, 2023). Benefits of the products also lie in its importance in terms of social, epistemic, conditional and emotional dimensions (Sweeney and Soutar, 2001). Gallarza and Saura, (2006) also postulated the unidimensional nature of value as resulting from the trade-off between the benefit and cost incurred. Obviously consumers would normally measure the value gained from the two perspectives; all the benefits that they stand to gain from the purchase on one hand, and all the cost incurred in the exchange on the other. When the perceived benefit outweighs the cost, the consumer perceives value in the product. However, the consumer perceives that the cost incurred in purchasing and using the product far exceeds the benefit, value is not perceived in the said product.

Benefits can be in the form of direct consumption of the product, social, image, and to mention just a few. Cost can be in the form of economic cost, social cost, psychic, time and others. Ji et al., (2022) mention that when customers believe the value is higher they become more willing to purchase the product. It then lies in the ability of the firm to ensure that, as much as possible, costs associated with purchasing their product is reduced whereas benefits are improved upon on regular basis. This is supported by the argument made by Kumar & Grisaffe (2004) that any feature of the firm's offering that decreases risk of purchase would invariably provide value for

the customer. It is noteworthy, however, that customers mostly compare products and services of different provides to understand the extent of the cost or benefit. This is a vital component of the customer decision making process. The performance of the current product or service triggers the customers' evaluation of alternatives. In the broader context of customer value, consumers also take cue from existing possible alternatives and determine whether a product is valuable or not.

## **2.11 Customer focus**

One of the elements of customer orientation being studied in this work is customer focus. As argued by Fink (2014) customer focus represents a term that is often used to depict the strategic orientation of a firm or an employee. Customer focus has been studied in the marketing literature, which is essentially an important marketing practice. It is defined as the activities of building relationships with customers in order to attend to their needs. Stated in Fan & Ku (2010) Strong (2006) defined customer focus to refer to those commitments firms make in order to identify and satisfy customer concerns in respect of quality services. Whilst this definition is good in terms of indicating the importance of beliefs and commitment to service the customer, it is rather self-serving for the firm. It focuses on what the firm can do and ignored the perspective of the customer. It is not ideal to ignore customer perspectives in defining customer focus as customers may be seen as passive actors. Furthermore, it ignores the essence of the endgame: profit. Understanding customer needs and wants helps to encourage customers to make repeat purchases at the firm. As Sousa (2003) mention, customer focus practices involves linkage between customer needs and satisfaction on one hand, and internal processes on the other. Liang et al., (2021) suggests that customer focus enables retail shop owners enhance customer's positive purchase intensions (e.g. Albus & Ro, 2017).

To identify customer focused firm, it is argued for the existence of those customer focused values and beliefs as well as the commitment to be appreciative of consumer requirements (Strong, 2006). Customer focus ensures that the various information received from customers are accurate for decision making. Consumer experience is essential for consumers' positive attitude; therefore a strong customer focus is expected to lead to a positive consumer experience (Kim and Lee, 2011). Cook (2008) elaborated that the challenge for firms has been to shift form product oriented strategy to customer focus. For Tech-firms (or other firms who have massively embraced Technology), one of the good starting points is the setting up of customer service infrastructure using contact centers and web enabled technology (Cook, 2008).The role of top

level managers in providing support for the achievement of customer-focused strategy cannot be underestimated as they set the tone for all other level managers to follow (Cook, 2008). With this said, it is vital for managers to continually upgrade themselves with useful information from regular marketing sources. This can help them make important contributions in the development of the overall customer focus strategy of the firm.

It is always praiseworthy for firms to pursue a customer focused strategy. Whilst at it, different firms have their own ways of embarking on such activities, which may be significantly different from the other. Each firm tries to come up with its own strategies suited for the industry. The extent to which they demonstrate those customer focused qualities differ from firm to firm (Strong, 2006). As such different results emanate from different firms which are largely associated with the industry they operate. Most researchers (e.g. Jones et al., 2003) have come to the conclusion that customer focus has the ability to influence customer retention (Fink, 2014). Fan and Ku (2010) postulated that customer-focused organizations appear to invest in resources in order to be responsive to the demands of their customers. Through an appropriate use of technology, customer-focused companies can enhance customer service, in that, it helps them collect service performance information for management use (Roh et al., 2005).

## **2.12 Customer involvement**

Customer involvement has received much focus in the B2B relationship literature (Najafi-Tavani et al., 2023) and can be seen to improve marketing decision making. This is further identified as a vital source of competitive advantage for firms (Najafi-Tavani et al., 2023), as argued by Prahalad and Ramaswamy (2000) who indicated that customer involvement is one of the key features of any service which has been seen to lead to competitive advantage. . To allow customers' contributions in the value creation of the firm, it is essential that a firm has an aspect of customer involvement (Liang et al., 2021). Carbonell et al., (2009) explain that customer involvement is the degree to which an organization interacts with its customers or their representatives, especially in developing new products. Customer involvement represents the extent to which customers are engaged with by the firm to help provide input at various phases of the service delivery. Nishikawa et al., (2013) defines customer involvement as the level of customer participation in new product development. It is argued from the importance of friendly environment for customers to feel at home when being involved. Anning-Dorson, (2016a) stated that customer involvement refers to the ability of firms to produce the enabling environment for the customer to advance interactions with the firm during production and delivery.

The above definitions of customer involvement by Carbonell et al., (2009), Nishikawa et al., (2013) and Anning-Dorson, (2016a) underscore the important role of the customer. They all make mention of the significance of customer participation in value creation. However, they differ contextually. Whilst both Nishikawa et al., (2013) Carbonell et al., (2009) look at customer involvement in the context of new product/service development, Anning-Dorson, (2016a) takes a wider view and concentrated on value creation and delivery processes. This is ideal as this can be applied in different contexts.

Cheung and To (2021) argue that customer involvement typifies customers' psychological state in relations to the relevance of the services of the target firm to them. The extent of customer participation in firm activities depends on their cherished values. Kindermann et al., (2022) in their study on customer involvement distinguished between two forms of customer involvement; customer involvement as an Information Source (CIS) and Customer Involvement as Co-Developers (CIC). With customer involvement as information source, the authors mention that the relations between the firm and the customer are basically restricted to the provision of information by customers. For customer involvement as co-developers the customer-firm interaction is extensively engaged such that problems are solved (Kindermann et al., 2022). As a result customers simply provide information to the firm when demanded; usually specific (Cui & Wu, 2017). The stark differences between the two approaches are in respect of the level of involvement of customers. Customers could be involved in far-reaching interactions with the firm, or in a limited or restricted form of interaction. Cheung and To (2021) contend that when customers have the positive perception of relevance of service they place high value on the services.

Customer involvement has been found to, by and large, be considered as vital element for success in the service process (Chen et al., 2011). Mamat et al., (2014) postulated that involvement has been found to be a vital variable in understanding and predicting consumer behavior. People then become livelier in processing information and form attitude towards the particular product or service (Hoyer and MacInnis, 2004). It is suggested that successful customer involvement presents firms with a better knowledge of their customer's needs; improving the flexibility of solutions to current customer processes (Hakanen et al., 2014 in Cheung and To, 2021). Chan et al., (2010) in their study also found that customer involvement capabilities provide the impetus to increasing customer participation which enhances firm performance. In a study by Anning-Dorson (2018) on customer involvement capability, findings suggest that customer involvement has the ability to influence firm performance in the service

industry. Gruner and Homburg (2000) proposed earlier that good service delivery requires a greater customer participation, hence customer involvement.

## **2.13 Customer communication**

Communication presents an important avenue with which service providers or their representatives provide information or value to customers in exchange for money. Regular communication with the customer is an essential feature of a serious firm. Consumers are afforded the opportunity to provide information to the firm as and when needed. Communication brings quality feedback/information to the firm and use such for competitive advantage. Organizations depend highly on communications; be it about customers or competitors (Cook, 2008). The minutest of service interactions can frequently result in satisfaction and loyalty to the firm (Lee & Madera, 2021). Narver et al., (2004) indicated that customer orientation inspires organizations to use different sources of information to know existing and hidden customer needs which are relevant for long-term growth. Generally, customers are enthusiastic about receiving marketing messages and are ready to be influenced by marketing communications (Mamat et al., 2014). Interactions with the customer vary in nature according to Lee & Madera (2021). This is evidenced in the expanded nature of communication channels that organizations use to advance information in respect of their performance and service provision (Cornelissen 2017).

Firms are constantly refining their methods of communicating with the customer in their quest to build positive customer relationship (Kim et al., 2012). When firms are able to build such relationship with customers to a very acceptable level, the customers perceive the information in the communications as credible and persuasive (Song et al., 2022). It is essential to acknowledge the communication process a company adopts in communicating with its stakeholders, internal or external. This is because the communication process is found to be significant in its role of ensuring quality relationship with customers (Quach et al., 2016). In a study by Nartey (2009) it was found that communication with customers has an immense effect on customer satisfaction. Similarly in their study on The Effect of Bonding, Responsiveness and Communication on Customer Retention, Negassa & Japee (2023) was concluded that communication influences customer satisfaction, hence retention. An effective communication is needed to enhance business relationships; therefore management of the communication process is necessary to achieve marketing objectives.

## 2.14 Customer-employee exchange (CEX)

There is the need for the frequency of the interactions between employees and customers, especially in service firms. Customers serve as the key resources to a company's profit and overall growth. Customer-employee exchange deals with the employee behavior in relation to the relationship with the customer. It refers to the overall interactions between the service provider and the customer. It also means how companies interact and maintain relationships with their customers. It can be said to involve the means through which companies disseminate a message to their target market and the strategies and processes they employ to build, maintain, improve and capitalize on these relations (Shakeel et al., 2024). It is understood to involve the "feeling of care, friendliness and communication between the customer and the organizational service provider" (Atuo & Kalu, 2016). This connection is expected to provide relevant information from the customer to the organization and vice-versa. This has made it necessary to strengthen customer-employee interactions and play an essential role to gain relevant information. Due to this, firms make it a point to provide attractive offerings to customers that are of interest to them; and which motivates customers to pay for the services offered (Weigelt et al., 2021).

Kiel et al., (2017) assert that customer interactions/exchange forms part of an essential element of the firm's business model. Ma and Qu (2011) contend that Customer-employee exchange involves both information and emotional interactions between two parties, which are essentially, the employee and customer. These exchanges/interactions usually occur at every customer touch point (premises of the business, phone, mail, social media etc). It represents the communications that ensue between customers and employees throughout or aftermath of service delivery (Adam & Husseini, 2023). The definitions above recognise the fact that customer-employee exchange is two-way affair between the employee and the customer. Both groups of stakeholders must show willingness and commitment for effective interaction to take place. However, Ma and Qu (2011)'s definition add an emotional element to it, which is not apparent in the definition provided by (Adam & Husseini, 2023). But the argument can be made about the fact that the definition by Adam & Husseini (2023) is all encompassing thereby adducing the emotional element in it as well.

During these interactions transactions or at least customer service do take place. These interactions have their own way of defining customer perceptions of services or service employees. As Groth and Grandey (2012) argue, customer-employee exchange describes how services are transacted and serves as an important base for customers' service perceptions as well as employee well-being. It is understandable that consumers try to collect information in a lot of

diverse social settings. This helps them make some form of comparisons across products or brands of similar or different categories. These comparisons are results of the information gathered over a period of time. Length of interaction cannot be underestimated as it provides opportunity to get better information. In essence customer-employee interactions make use of the length of interactions to serve as key information source for customers to judge a service experience. An extended period of communication between a firm and its customer is expected to yield a deepened mutual understanding. Thus customers overall needs the value-added services mostly, are important factors in determining firms' success or failure (King & Burgess, 2008).

In this study, customer-employee exchange has been defined as the conscious effort made by both employees and customers to see to the successful implementation of the exchange relationship. The concept has been conceptualized to include Solidarity, harmonization and information exchange (Keith et al., 2004). According to a study by Keith et al. (2004) CEX can be looked at from three perspectives; solidarity which refers to the degree to which an exchange is considered vital part of the service provision and still continuing, Harmonization suggests the extent of trust between the service provider and the customer, and information exchange also refers to the content of the information being shared between the two parties.

When employees develop better relationships with the customer, as a result of the relationship existing between them, it is expected that their activities would be supported by the customers (Sigala, 2005). The overall positive experience is likely to show in future dealings. This is confirmed by Kumar & Pansari (2016) in their work on competitive advantage through engagement, that, the overall positive feeling of the customer manifests in future purchase preferences and feedback, and the firm benefits through positive word of mouth. Shakeel et al., (2024) add that a positive feeling enables the firm to gain multiple benefits and this extends beyond the usual marketing channels and improve company's reach, minimizing marketing costs, trust building and growing company image.

Customer-employee interactions in characteristically dominated service setting can seemingly be different from firms dominated by tangible products. Services, generally, have some characteristics that make them different from goods. As postulated by Weeks (2015) service encounters are largely characterized by dimensions of intangibility and subjectivity. These elements have the ability to influence the behavior of both service employees and customers, separately or at the same time. Unwanted behavioral changes could result in some undesirable

consequences. Knežević et al., (2015) mention that the real moment of service interactions may alter a customer's mindset and change their attitude to a different direction.

There is the possibility of the development of some form of exchanges between and among customers, especially in the service settings. Interactions between customers could arise during service encounters, such as in a queue. Customer-to-customer interactions have been used to refer to the interaction between two or more customers, either active or passive (Zhang et al., 2010) in the acquisition of goods or services. This usually happens in service settings and characterized by personal or physical communication (Nicholls, 2010). Customer-customer interactions enable customers to share ideas on product patronage and some personal experience, mostly in relation to product in question. This information could ultimately get to the firm but the initial intention is mostly meant to share some experiences with each other. It has been found that customer-to-customer exchange/interaction could lead to a vital influence on customer experience outcomes, with customer satisfaction, loyalty and a positive word-of-mouth as the most desirable benefits the firm gains (Zurawik, 2020).

## **2.15 SMEs in GHANA**

SMEs represent an important backbone of developing economies. Regardless of a country's degree of development, small and medium-sized enterprises (SMEs) are significant contributors to economic growth and development. In most of Africa, small and medium-sized businesses (SMEs) represent the backbone of the economy, and Ghana is no exception. Ho and Beri (2024) argued that Africa in general has multitude of youngest and fastest growing populations, and this makes it possible for a lot of opportunities to be offered. Kuyoro et al., (2023) noted that the SMEs sector experienced some remarkable growth in the decade between 2000 and 2010 (5.1%) to an unexpected decline in the subsequent decade between 2010 and 2019 (3.3%). These downturns are attributable to the existence of gaps in infrastructure, lack of business skill, overreliance on natural resources as well as intracontinental trade among others (Kuyoro et al., 2023). According to Runde et al., (2021), estimates made by the International Financial corporation show that SMEs constitute more than 90% of businesses in Africa and 80% of all employment. It is posited that the empirical studies have documented the significant evidence of a strong relationship between SMEs and growth over the past immediate decades (Ho and Beri, 2024). Thus the growth of SMEs cannot be underestimated in Africa and the sub-Saharan.

According to Asare (2014) Small and Medium-sized enterprises in Ghana developed during the pre-colonial time where the middle class was trained to take over the businesses of European

merchants. Nevertheless, the intent was met with several problems especially during the era of the first president of Ghana in the early 60's who saw the rise of the private sector as a political threat, and therefore formulated policies to discourage such, in order to promote the public sector. However, a major setback in the 1980's in a large-scale manufacturing firms forced formal sector workers to seek for a secondary source, hence the springing up of Small and medium-sized Enterprises (Asare, 2014). Subsequently the Government of Ghana had to enact some policies in order to give confidence to the setting up of SMEs.

Different perspectives have largely dominated the definition of SMEs which provides the lack of single accepted definition. Despite that, the one offered by the European Union, which uses metrics like staff count and revenue to classify SMEs, is the most used and frequently cited. Less than 250 people and sales of between £43 million and £50 million fall into the mid-sized category. Less than 50 employees and a turnover of £10 million fall into the small and micro company categories, respectively (European Union, [europa.eu](http://europa.eu)). The Bolton Committee also provided an economic definition of SMEs, stating that they are independent businesses that are not part of a larger enterprise, have a relatively small market share, are managed by owners or part-owners in a personalized manner, and have a non-formalized management structure (quoted in Hill, 2001). A small-scale enterprise in Ghana has at least five employees but no more than 50, has assets worth less than \$30,000 (excluding land, buildings, and working capital), and generates between \$6,000 and \$30,000 in annual revenue. A company with between 50 and 100 employees is considered a medium-sized organization (Mensah, 2004). According to Asare (2014), in Ghana SMEs provide about 85 percent of manufacturing employment and contributes 70 percent to the national GDP. This is in line with the suggestions made by OECD (1997).

SMEs provide enormous advantages in the development of a country, by providing sustainable employment and a great source of revenue for government (in terms of taxes). That notwithstanding, the SME sector in Ghana is bedeviled with several challenges that call for important actions to be taken. Among the problems identified by Bank (GCB) (2023) include inadequate Government policy to protect local enterprises, entry of multinational firms, low research & development and lack of credit facilities among others. These findings by GCB can also be attributed to the remnants of COVID 19 that resulted in many businesses falling apart. Moreover, small businesses in the African system are frequently faced with constraints of accessing working capital and this largely limits the ability to make investment in marketing activities (Solomon et al., 2023).

To be able to stand on their feet, the businesses need to use their meager resources to make the most benefit. One of the things they can do is to streamline their marketing activities to ensure consistency in attracting and maintaining customers. Collection and managing of information is essential in the performance of business. This study will help SMEs identify the need to collect information and convert same into a useful knowledge for improved performance and sustainability. It is noteworthy that SMEs can improve their competitiveness by adopting responsive and resource efficient marketing approaches that improve customer engagement and drive business accomplishment Dwivedi & Pawsey (2023). In the sub-Saharan Africa alone more than 70% of SMEs close down within their introductory year (Chinje, 2015). In Ghana, the mortality rate for SMEs is also high with approximately 70% failing within the first five years of existence (Asare & Yawson, 2022) and this can cause excessive threat to the economic development of the country. This also, coupled with the fact that several Ghanaian SMEs do not possess the marketing (or managerial) expertise to operate (GCB, 2023). Therefore the call for enhancing marketing activities is spot on as this will open up different ways for firms' improvement and their subsequent expansion. It is essential for SMEs to strategically adopt some marketing practices, knowing the high mortality rate that SMEs face (Jamil, 2023).

A lot of Ghanaian enterprises posses some characteristics that may hinder the wider benefits/advantages expected of an SME. Some heads of SMEs see customers as source of income and not an important stakeholder who could be very influential in the success of business. As advanced by Gibbert et al. (2002) these challenges are cultural and that relationships with customers are not built as these managers see their customers as source of revenue instead of partners. This also means that the ability to gather relevant knowledge could be hindered as proper procedures may be ignored. Despite the possibility of the customer possessing certain skill and knowledge, this behavior of the enterprise means opportunity is lost.

Competence can also prove to be a challenge. For many of the owners, they start as a small business with the intention of getting some revenue to feed their family. This behavior makes it possible for them to ignore the larger picture of ensuring that the right thing is done for expansion. Why the need for expansion becomes apparent then another challenge arises as these owners have not been prepared for such, or that the firm was not originally created to meet such circumstances. This was suggested by Gibbert et al., (2002) who mentions that the fact that the existing system has not been designed for a different purpose other than the initial one becomes a competency challenge and therefore it becomes difficult to be adaptable in terms of knowledge management acquisition. This problem can however be taken care of if the managers of the enterprises make use of outsourcing from a competent person outside the organization to advice

on structures and adaptability. Money for the payment of such services will always be an issue but if indeed the managers are willing to improve and make important strategic decisions, then outsourcing can be one of their best bet for improvement and sustainability.

## **2.16 Identified Research gap**

Generally, studies on regarding customer orientation have been conducted over the years, with most of them looking at the umbrella concept (market orientation) and its impact on firm performance. Market orientation has received different conceptualizations, with each author indicating their varying arguments. For example and as stated earlier, two major conceptualizations advanced by Narver & Slater (1990) as well as Kohli & Jaworski (1990) have been the ones that have received the most attention. While their conceptualization may be at odds in some instances, they mostly agree that market orientation involves the generation and use of information as well as strict customer focus (customer orientation)

In addition earlier studies on SMEs have resorted to source of finance, educational level, technical resources that lead the growth of SMEs (e.g. Lee et al., 2012). In the Ghanaian context, studies have generally been in relation to market orientation. Such studies (e.g. Bamfo & Kraa, 2019; Issau, 2019 and Mahmud, 2011) looked into the effect of market orientation on firm performance. As with other studies in the Ghanaian context Bamfo & Kraa, (2019) studied market orientation (variables include; customer orientation, inter-functional coordination and competitor orientation) and their effect on firm performance. The paper, however, used 'innovation' as a mediating variable between the market orientation variables (mentioned above) and firm performance.

Prior research on customer orientation mostly concentrated on the developed markets (e.g. Zhang & Yang , 2018; Kadic-Maglajlic et al. 2017; Narver and slater ,1990; Shaw et al., 2011). In the Ghanaian SME context customer orientation has been conducted in recent years (see Gonu et al., 2023; Adusei et al., 2020; Li et al., 2019). More recently, Abrokwah-Larbi (2024) conducted a study on the impact of customer-focus on firm performance. These Ghanaian-related studies mentioned above generally undertake to find the effect of customer orientation on firm performance. They do not, however, explain the influence of an indirect variable on the relationship, if any. This study therefore identifies customer knowledge management as a mediating variable in the relationship between customer orientation (the notable variables including customer focus, customer involvement, and customer communication) and firm performance among Ghanaian SMEs.

Again, there is also the paucity of study on the effect of customer orientation and customer knowledge management as well as customer knowledge management and firm performance in the Ghanaian context. This study also fills both gaps by studying the impact of customer orientation on customer knowledge management and customer knowledge management and firm performance in the Ghanaian context of SMEs. Furthermore, no Ghanaian SME-related study is conducted to understand the moderating role of customer-employee exchange in the relationship between customer orientation and customer knowledge management. This study also fills that gap by finding out the role played by customer-employee interactions on the impact of customer orientation on firm performance.

## **2.16 Chapter summary**

The chapter started off by looking at the extant literature regarding the broader picture of the topic under consideration. Therefore, the researcher reviewed literature on market orientation which is explained as the process of collecting information from customers, disseminating and then act on the information gathered. Following the definition of the concept of market orientation, some scholars came up with some conceptualizations, measuring marketing orientation. Two of the most prominent scholars who conceptualized market orientation are Narver & Slater (1990) and Kohli & Jaworski (1990). For Kohli & Jaworski (1990), market orientation conceptualizations took the form of (1) top management, (2) interdepartmental dynamics and (3) organization-wide systems. Narver & Slater (1990) however, conceptualized market orientation to include (1) customer orientation (2) competitor orientation and (3) interfunctional coordination.

From the above, this study therefore followed the conceptualization proposed by Narver & Slater (1990) and then studied on customer orientation as variable of interest. The researcher further reviewed on customer orientation and came up with three distinct dimensions that make up customer orientation as proposed by Zhang & Yang (2018). These are (1) customer focus (level of reaction to customer concerns), (2) customer involvement (extent of customer participation in product development) and (3) customer communication (timely nature of information delivery). The review was further narrowed to the studies done in the Ghanaian context. A literature on the effect of customer orientation and firm performance was done which revealed a lot of positive relationships. This section also reviewed literature on customer knowledge management which suggests the processes that are connected to the identification and acquisition of customer information and the creation and operation of customer data. The section looked at the

relationship between customer knowledge management and firm performance and found varying results.

Again the study also reviewed literature on customer-employee exchange which suggests the conscious effort made by both employee and customer to see to the implementation of the exchange relationship. Three perspectives of customer-employee exchange were identified. (1) Solidarity (the degree to which exchange is seen as vital part of service provision), (2) Harmonization (extent of trust between employee and customer) and (3) information exchange (content of shared information). The last aspect of this section reviewed literature on SMEs in Ghana and it was revealed that SMEs in Ghana represent an important backbone to the Ghanaian economy. The next chapter looks at the objectives, research questions and hypotheses of the study.

## CHAPTER 3

### OBJECTIVES, RESEARCH QUESTIONS AND HYPOTHESES OF THE STUDY

#### 3.1 Introduction to research objectives, questions and hypotheses

This section looks at the objectives of the study, research questions and the hypotheses. The general objective of the study is to find out the influence of customer orientation on firm performance through customer knowledge management. Furthermore, the study intends to establish the role played by customer employee exchange in the relationship between customer orientation and customer knowledge management.

#### 3.2 Objectives of the study

1. To investigate how the specific dimensions of customer orientation influence customer knowledge management among SMEs in Ghana
2. To investigate the extent to which customer knowledge management influence firm performance among SMEs in Ghana
3. To determine the mediating role of Customer knowledge management in the relationship between Customer orientation and firm performance among SMEs in Ghana
4. To identify the moderating role of customer-employee exchange in the relationship between customer orientation and customer knowledge among SMEs in Ghana

#### 3.3 Research questions

1. To what extent do the dimensions of customer orientation improve customer knowledge management among SMEs in Ghana?
2. To what extent does customer knowledge management influence firm performance among SMEs in Ghana?
3. Does customer knowledge management play a mediating role between the dimensions of customer orientation and firm performance among Ghanaian SME context?
4. Does customer-employee exchange play a moderating role between customer orientation dimensions and customer knowledge management in the Ghanaian SME context?

#### 3.4 Research hypotheses

H1: The following dimensions of customer orientation have a positive relationship on customer knowledge management among SMEs in Ghana

- a: Customer Focus*
- b: Customer Involvement*
- c: Customer Communications*

H2: The application of customer knowledge management among SMEs in Ghana is positively associated with firm Performance.

H3: Customer knowledge management plays a mediating role in the positive relationship between the following dimensions of customer orientation and firm performance among SMEs in Ghana.

- a: Customer Focus*
- b: Customer Involvement*
- c: Customer Communications*

H4: The positive relationship of the following dimensions of customer orientation on customer knowledge management is stronger for SMEs with superior levels of customer-employee exchange compared to those with inferior levels

- a: Customer Focus*
- b: Customer Involvement*
- c: Customer Communications*

### **3.5 Chapter summary**

The highlight of this chapter is on research objectives, research questions and hypotheses. Generally, the study sought to determine the mediating role of customer knowledge management in the relationship between customer orientation and firm performance. Again, the effect of customer knowledge management on firm performance is studied in this work. The study further sought to determine the moderating role of customer-employee exchange in the relationship between customer orientation and customer knowledge management. Subsequently, research questions and hypotheses were adduced in order to help achieve the stated objectives. The next chapter goes into the discussion of the materials and methods used in achieving the objectives identified in the study.

## CHAPTER 4

### MATERIALS AND METHODS

#### 4.1 Introduction to materials and methods

The study seeks to examine the effect of customer orientation on customer knowledge management as well as customer orientation on firm performance. It further seeks to understand the moderating role of customer-employee exchange in the relationship between customer orientation and customer knowledge management. To achieve the aforementioned objectives this chapter presents the materials and methods employed in the study. The methodology provides in-depth information from data collection techniques to data analysis.

To address the proposed research questions and hypotheses, the study employed the quantitative research approach to data collection and analysis. Various sections of this chapter will focus on; research methods, research design, sampling technique and sample size, measurement items as well as validity and reliability of the instrumentation.

#### 4.2 Data Source

The study collected data mainly from registered SME's in Ghana. Data was collected from the two most populated cities of the country, Accra and Kumasi. Knowing that these two cities boast of the larger number of SMEs in the country, it was decided that data was to be collected in those cities. These SMEs represent those across different sectors of the economy, ranging from manufacturing, financial service, mining etc. The convenience sampling was used. It was adopted because it enables the researcher to accurately target the right firms/SMEs for data collection. A structured questionnaire was used. A sample size of at least 500 SMEs was collected over the course of 12 weeks.

#### 4.3 Measurement items

The questionnaire contains two sections. Section A elicits demographic characteristics of the SMEs whilst the second section (B) elicits responses on the proposed constructs. The questionnaire items were adapted from the extant literature. The customer orientation items were adapted from the works of Narver & Slater (1990). The measurement items for customer-employee exchange were adopted from Li & Hsu (2016). To measure customer knowledge management the measurement scale was adapted from Alegre et al., (2011). To measure firm

performance, the researcher adapted the items from the work of Njinyah (2018). The items were measured on a five-point Likert scale: 1-strongly disagree; 2-disagree; 3-neutral; 4-agree; 5-strongly agree.

#### **4.4 Data analysis technique**

The data analysis technique for this study adopted structural equation modelling (SEM) approach to data analysis. This study employs the PLS approach because the model under study is relatively complex. The use of SEM has become important as SPSS and the use of regression analysis is gradually becoming insufficient in describing multi-layer relationships among independent and dependent variables simultaneously (Haenlein & Kaplan, 2004). Structural equation modelling (SEM) is a statistical technique used in the field of Information Systems as well as the social sciences amongst others (Kante and Michel, 2023). The technique has been flexible for researches, reason many have paid attention, and its predictive power is well acknowledged (Kante & Michel (2023). With the SEM method, it is essential to acknowledge that the link between latent and observable variables is examined. This use of PLS-SEM is necessary in this study because it can be used to explain the relationships among various variables; hence multi-complex analysis. Earlier tools like the SPSS were seen as fallen short in that regard so SEM is seen as the ideal analytical tool. Furthermore, SEM has been chosen as the analytical tool because it allows the performance of regression equations where the constructs are of multiple observed items (McQuitty & Wolf, 2013). This study has multiple constructs that needed to be analyzed in multi-complex bases. These constructs are customer orientation, customer knowledge management, customer-employee exchange and firm performance.

#### **4.5 Independent variables**

The proposed independent variables in this study are customer orientation (customer focus, customer involvement and customer communication) and customer knowledge management

#### **4.6 Dependent variables**

The proposed dependent variables in this study are customer knowledge management and firm performance.

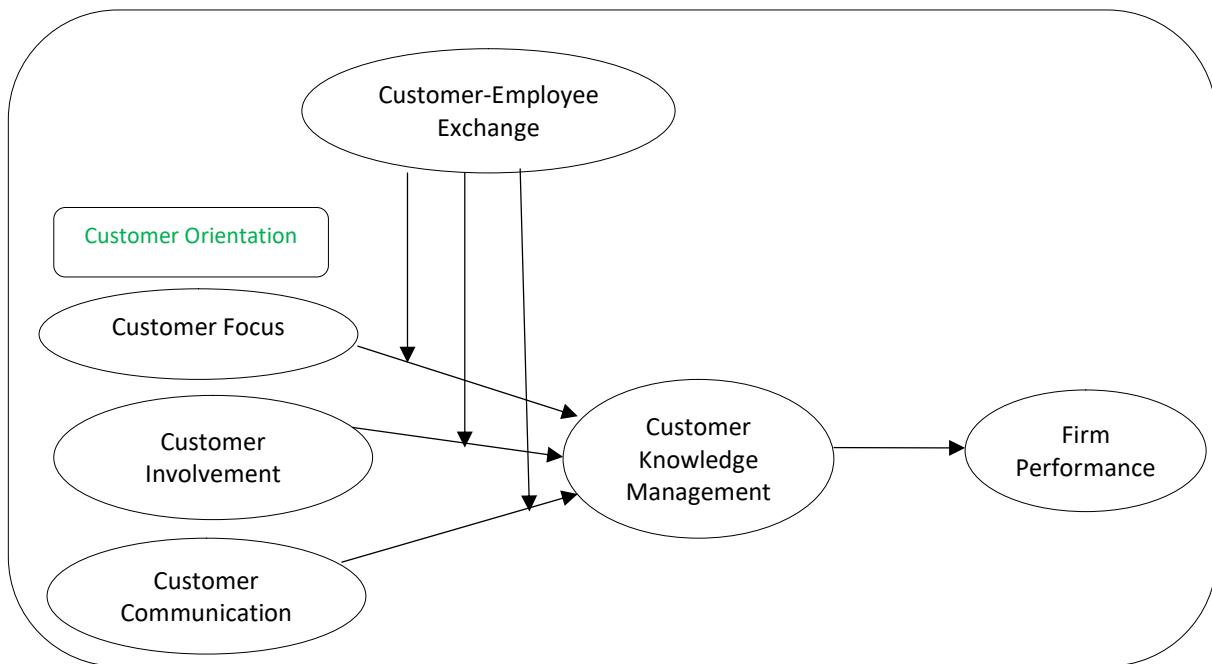
#### **4.7 Moderating variable**

The proposed moderating variable in this study is customer-employee exchange as expressed in solidarity, harmonization and information exchange.

#### 4.8 Mediating variable

The mediating variable for the study is customer knowledge management as expressed in knowledge application, knowledge dissemination and knowledge storage

**Figure 4. 1 conceptual framework**



Source: own editing

The model of the study looks at customer orientation, customer knowledge management, customer-employee exchange and firm performance. Customer orientation in the model is conceptualized to include customer focus, customer involvement and customer communications (Zhang and Yang, 2018). It depicts the proposed relationship between customer orientation and customer knowledge management. Customer knowledge management on the other hand is proposed to have a positive relationship with firm performance, as well as serving as a mediating variable between customer orientation and firm performance. The model further proposes that customer-employee exchange (Keith et al. 2004) moderates the relationship between customer orientation (customer focus, customer involvement and customer communications) and customer knowledge management.

#### **4.9 Chapter summary**

This chapter looked at the materials and methods that are necessary to employ in achieving the desired objectives. Quantitative research technique is employed in this study. The researcher identified mainly SME's in Ghana as the target population and went on to sample 500 over the course of 12 weeks. 283 were found to be eligible for analysis. The measurement items for the various constructs were adapted from the extant literature with a five-point likert scale. The technique used in the data analysis is the Partial Least Square (PLS) approach to Structural Equation Modelling (SEM). The identified independent variables are customer orientation and customer knowledge management and the dependent variables are customer knowledge management and firm performance. The mediating variable is customer knowledge management whereas the moderating variable is the customer-employee exchange. The chapter ended by providing the conceptual framework for the study

## CHAPTER 5

### RESULTS

#### 5.1 Introduction to results

This chapter presents, and discusses the results of the data analysis. The previous chapter (chapter 4) looked in to the research methodology. The research framework was also discussed in chapter 4. However, in this chapter, the research presents the results of the study. It is important to stress on the fact that, and as previously mentioned the analysis was done using the SPSS V 23 alongside the Smart-PLS V 3.3.9 tools.

Various aspects of the result are categorised in to several subheadings. The subheadings are designed to explain the different stages used in the analysis of the data. Among the sections discussed include the opening (preliminary) analysis of the study (5.2). This section includes other relevant subsections which come in the form of rate of response (5.2.1), how do deal with missing responses (5.2.2), how data was screened and cleaned was dealt with in 5.2.3, as well as outliers (5.2.4) and test of data normality (5.2.5).

Section [5.3] presents the demographic profile of the respondents. Furthermore, this section demonstrates the application of the Structural Equation Modelling (SEM) (5.4). Section [5.5] presents the measurement scales used and this is in relation to the reliability and validity; thus they come in the form of construct validity and reliability, convergent validity and the discriminant validity.

In section [5.6], the overall structural model is displayed and details provided. These include the R-square, F-square, Q-square and Variance Inflation Factor (VIF). The segment [5.7] presented the path-coefficients (ie Direct effects). The segment [5.8] presents the moderation effect analysis, whereas the segment [5.9] presents the summary of the hypotheses. The research deems it necessary to provide the summary of the chapter in the section 5.10.

#### 5.2 Initial data analysis

To have a successful analysis of the data, groundwork for the data analysis is performed. Several steps were taken in trying to make sure the data was good enough for the analysis. Some of the

groundwork that was performed involved screening of the data, assessment of the outliers, data normality validity and reliability of the measurement items.

### **5.2.1 Rate of response**

A total of 500 questionnaires were printed and circulated to the respondents. After several back-and-forth with the respondents a total of 296 filled questionnaires were returned. A total number of 283 were found to be valid after doing away with 13 incomplete questionnaires earlier submitted. This means that the rate of response in this particular data collection is 56.6%. The rate is in consonance with the argument put forth by Baruch and Holton (2008) on the fact that when the response rate goes above 50%, it is enough for a survey study to continue

### **5.2.2 Missing responses**

During survey research, there could be the rise of some portions of the questionnaire not being filled. It usually occurs when questionnaires are being filled manually. As Easterby-Smith et al. (2021) argued incomplete questionnaire arises generally as a result of manual filling of forms. In PLS –SEM provident information on missing values is relevant in order to maximise confidence in the results (Hair et al., 2013). Information concerning missing data, if any, as well as how they are supposed to be managed are vital, mainly because some of the approaches to managing missing data influence the model specification (Hoyle, 2012). Thus, one of the commonest problems in data analysis has been the issue of missing value (Tabachnick & Fidell, 2007). In this study however, no missing data was found in the entire set of the validated data.

### **5.2.3 Data cleaning and screening**

After the data was collected from the respondents by the researcher, it was recorded into the SPSS software. The 5-point Likert scale was developed and applied in this study. The statements used in this questionnaire were all positive ones as suggested by Veal (2005). The scale ranged from 1 to 5, with 1 indicating strongly disagree in case the respondent chose, and 5 representing strongly agree. The study made use of the descriptive statistics and frequency distribution to investigate and clean the data successfully. Values were rightly coded, whereas the inaccurately coded values were realized and corrected. The data in the end provided was not with missing or incorrect values.

### 5.2.4 Outliers

It is important to note that even though when data is out of range they are typically errors, other extreme values may perfectly indicate the presence of an outlier (Hoyle, 2012). Outliers represent extreme values which are identified as very low or very high in a dataset (Hair et al. 2006). Outliers have the ability to influence data normality in which case the statistical analysis will be subsequently affected (Tabachnick & Fidell, 2007). One of the ways to check outliers is through the assessment of distribution graphs of the continuous variables (Hoyle, 2012). Li et al. (2024) in their work on ‘outlier detection’ suggest that outliers are normally seen as uncommon objects that display diverse features from normal objects. It represents an observation which departs from other observations. In dealing with outliers (if present) Hair et al. (2006) recommended that if the sample size 80 or below a z score of 2.5 or higher is categorised as an outlier. If the sample size is higher than 80 a z score of 3.29 or higher is categorized as an outlier. In this study, therefore, the z score was assessed through SPSS. No outliers were found from the result as indicated in *Appendix 2*. This is because the highest value in the table is 1.480 with the minimum one being -3.187. This falls well within the proposed  $\pm 3.29$  by Hair et al. (2006).

### 5.2.5 Assessment of data normality

Performing data normality test is essential in any statistical analysis. This is in fact usually done before any form of statistical analysis is performed. The essence of normal distribution in the application of any statistical tools cannot be underestimated as affirmed by Micceri (1989). Normal distribution of data is not a given, as such it is sometimes expected that a data does not have to be normally distributed. There are different methods of examining the data normality. This may include among others, Kolmogorov-Smirnov, histogram, Kurtosis and skewness. As Pallant (2007) advanced an argument on data distribution, the author asserts that to determine the distribution of data the skewness and kurtosis represent the two most used approaches. Park and Yang (2024) postulate that skewness are applied in measuring asymmetry whereas kurtosis is applied in measuring tailedness of a probability distribution. They state that skewness computes the extent of deviation of a normal distribution; kurtosis computes the presence of outliers which may include any heavy or light tails in the data (Park and Yang, 2024). As shown in *Appendix 3* the data passes the normal distribution test with a sample size of 283. As proposed by Hair et al. (2006), the skewness of all the measurement items fell within the required  $\pm 2$  and the values of kurtosis also fell within  $\pm 2$ .

### **5.3 Descriptive statistics and demographic variables**

Descriptive statistics represents the statistical procedure or graphical techniques that are used in categorizing and explaining the characteristics or factors of a given sample (Fisher & Marshall, 2009). Descriptive statistics is said to be used in collating and summarizing quantitative data. In the end, the descriptive statistics does not have the capability to demonstrate causal analysis, which by all indications makes use of inferential statistics (Marshall & Jonker, 2010). The inferential statistics further allows for a generalization of findings from sample to larger population (ibid).

From the data collected, it has been found that the respondents have shown some degree of differences in respect of their demographic description as shown in Table 5.1. In this study, the researcher applied the descriptive statistics in explaining the demographic information from the data collected from Ghana. The study, through the use of questionnaire has used 7 major demographic variables. This comes in the form of 1. gender, 2. Age groups, 3. position of respondent, 4. Sector the company operates in, 5. Number of years the company has been in existence, 6. Number of full time employees and 7. Level of education. It has also been detected that males (n=166) represented the higher number with 58.66%, whereas females (n=117) represented with 41.34%.

**Table 5.1: Respondents 'profile**

<b>Demographic Information</b>	<b>Categories</b>	<b>Frequency</b>	<b>Percent</b>
Gender	Male	166	58.66
	FEMALE	117	41.34
Age Group	20-29	169	59.72
	30-39	83	29.33
	40-49	23	8.13
	50 OR MORE	8	2.83
Position In The Company	CEO	27	9.54
	Manager	50	17.67
	Frontline Employee	156	55.12
	Other	50	17.70
Sector The Company Operate	Manufacturing	37	13.17
	Wholesaling/Retailing	60	21.35
	Agriculture And Agri-Business	15	5.34
	Hospitality	12	4.27
	Financial Service	24	8.54
	Health Facility/Service	42	14.95
	Extraction, Drilling &Mining	6	2.14
	Service Provider	57	20.28
	Other	28	9.96
Number Of Years The Company Have Been In Existence	0-5	71	25.09
	6-10	48	16.96
	11-15	49	17.31
	16-20	48	16.96
	21 and above	67	23.67
Number Of Full-Time Employees In The Company	1-20	149	52.65
	21-50	103	36.40
	51-100	31	10.95
Level Of Education	Up To Diploma/Hnd	61	21.55
	Up To 1st Degree	177	62.54
	Up To 2nd Degree	25	8.83
	Up To PhD	9	3.18
	Up To SHS/A Level/O Level	11	3.89

Source: own editing

The Ghana Commercial Bank in 2023 conducted a study to understand the major players in the Small and Medium Enterprises (SMEs) in Ghana. They classified them as Agricultural, Information and Communication Technology (ICT) SMEs, Service SMEs, Construction SMEs, Retail SMEs, Tourism SMEs, and Manufacturing SMEs. The Ghana statistical service (GSS) in 2024, however indicated that the overall contribution to GDP by the service sector has been better than those of Agriculture and industry; 47% for service, 22.2% for Agriculture and 30.8% for industry. In this study, the combine effect of the following service sectors; service provider (57), financial service (24), health facility/service (42) and hospitality (12) making up the service industry, amount to 135 SMEs, which is approximately 48.04%. This is closely associated with the national trend of (47%) provided by GSS. Agriculture and Agribusiness accounted for 15 5.34% which shows a huge gap with the one presented by the Ghana statistical service. This anomaly can be attributed to the use of the convenience sampling technique employed in this study.

#### **5.4 Structural Equation Modelling (SEM)**

Haenlein & Kaplan (2004) put forth the argument that the earlier analysis tools and techniques that were employed, such as SPSS can be seen to be not sufficient for explaining multi-complex analysis of relationships among independent and dependent variables simultaneously. They then conclude that this has called for some scholars in the literature to turn their attention to the use of structural equation modelling (SEM) as a good substitute (ibid). Cited in Sarstedt et al., (2020) Martínez-López et al., (2013) suggested that social scientists, in their quests to better comprehend and predict behavior especially in the field of marketing, they typically deal with constructs embedded in complex statistical models. These constructs are used to measure basic thoughts about an abstract concept that researchers want to investigate. As constructs are abstract entities, researchers typically use multiple items to measure those (Sarstedt et al., 2020).

According to Wang & Teo (2024) Structural Equation Modeling (SEM) is used to explain the influence of variables to each other. As MacCallum & Austin (2000) suggested, to apply the SEM approach is to try and examine the hypotheses in respect of the link between observable and latent variables. This was used by Wang and Teo (2024) in their work to estimate the hypotheses of their work. More to this was argued by Weston and Gore (2006) who postulate that SEM is used to estimate the nature of connections among constructs/latent variables, and this has in varying ways differentiate it from other techniques in analysis. Bagozzi and Yi, (2012) adds that SEMs ability to is dependent on the assessment of the latent variables in a

model, at the observation level as well as the testing the relationship between the unobservable variables at the theoretical. This makes it the favored analytical strategy to find the effects of each construct on the other at the same time (Kline, 2015).

McQuitty & Wolf (2013) indicated that structural equation modelling represents a statistical procedure that aims to examine and explain the covariance among a set of variables and that they are most suitable in confirmatory fashion in testing theory that explains relationships among variables. It was further observed that structural equation modelling represents the statistical analytical system that establishes the structure of relationships among observed and latent constructs (ibid). Accordingly, Hair et. al., (2006) structural equation modelling provides an estimate of sequence of separate but interdependent, multiple regression equations concurrently by specifying the model structure. Hoyle (2012) mentions that structural equation modelling has been referred to both latent variable and covariance. Hair et al., (2013) adds that both covariance Based and Variance based structural equation modelling can be deemed suitable for different research situations. Hoyle (2012) argues that has been referred to as the covariance structure model due to its reliance on primary data; and causal modeling due to its ability to estimate causal relationships. The merit of structural equation modelling is such that it allows for factor analysis and not only for variable measurement (Gefen et al., 2000). Hair et al., (2010) add that the simultaneous relationship between independent and dependent variables is also simpler with structural equation modelling.

In SEM, the researcher is able to make some simulation. It allows the researcher to create data in order to obtain solution to a problem that is otherwise difficult (Hoyle, 2012). In order to do simulation work for this study, to analyze the effect of noticeable variables, the conceptual model is depicted using the Smart-PLS software. Simulation is normally done to assess the effects of sample size, factor loadings and size of factor correlations on the mean value of the selected fit indices (Sharmaa et al., 2005). Hence, this was done by assessing and estimating the different parameters of the data, in respect of item loading, reliability and validity testing. This technique was used by taking inspirations from the work of Henseler et al. (2009) who proposed the two-step technique; determining PLS model parameters independently by determining the measurement model's criteria, and then calculating the proposed association outcomes of a structural model

## 5.5 Assessment of the measurement model

According to McQuitty & Wolf (2013) structural equation modeling allows the performance of regression equations where all the variables are normally constructs of multiple observed items for reliability. Reliability represents the uniformity in the measurement of the same characteristics (ibid). In order to assess the reliability of the data, the Cronbach's alpha as well as the composite reliability is examined. Again, the researcher assessed the convergent and discriminant validity. This is done to make certain the sufficient capacity of the measurement items to converge on their respective constructs and also assess whether all constructs are different from each other (discriminant validity). Mcquitty & Wolf (2013) argue that two approaches can be used to assess the measurement scale through SEM; estimate constructs separately and makes adjustments or secondly, tests all scales concurrently using measurement model. Chin (1998) mentions that measurement model is assessed for factor analysis to identify whether the observed variables are loaded on the underlying latent variable. Table 5.2 illustrates the measurement model to confirm the model fit.

### 5.5.1 Construct Validity and Reliability

McQuitty & Wolf (2013) suggest that different kinds of validity and reliability exist. Creswell (2009) indicate that validity suggests the situation where a researcher can make meaningful and useful inferences from scores on particular instruments. In this study, the focus will be on the internal consistency for of construct validity and reliability. It refers to an approach to examine a measure based on the extent of the measure conforming to theoretical expectations (De Vaus, 1996). As Peter (1981) postulates, there are no direct measurement of validity and reliability, and this therefore means that inferences must be made on the basis of reliability, discriminant validity as well as convergent validity. Hair, Black, Babin, Anderson, & Tatham (2014) argued for the widely established forms of validity to include convergent, discriminant and nomological.

To test for construct validity, the researcher tries to assess the scale being applied; convergent, nomological and discriminant testing. Convergent validity is applied to measure the constructs and demonstrate high relationship among the measure, Discriminant validity demonstrates a lack of, low or even no relationship among the items (Kinnear and Taylor, 1996). Nomological validity is applied in testing measurement and their relationship with a theoretical model, which eventually leads to deductions (Spiro and Weitz, 1990). Construct reliability is assessed to check the reliability (Hair et. al., 2011). It is necessary to point out that items that are loaded under the

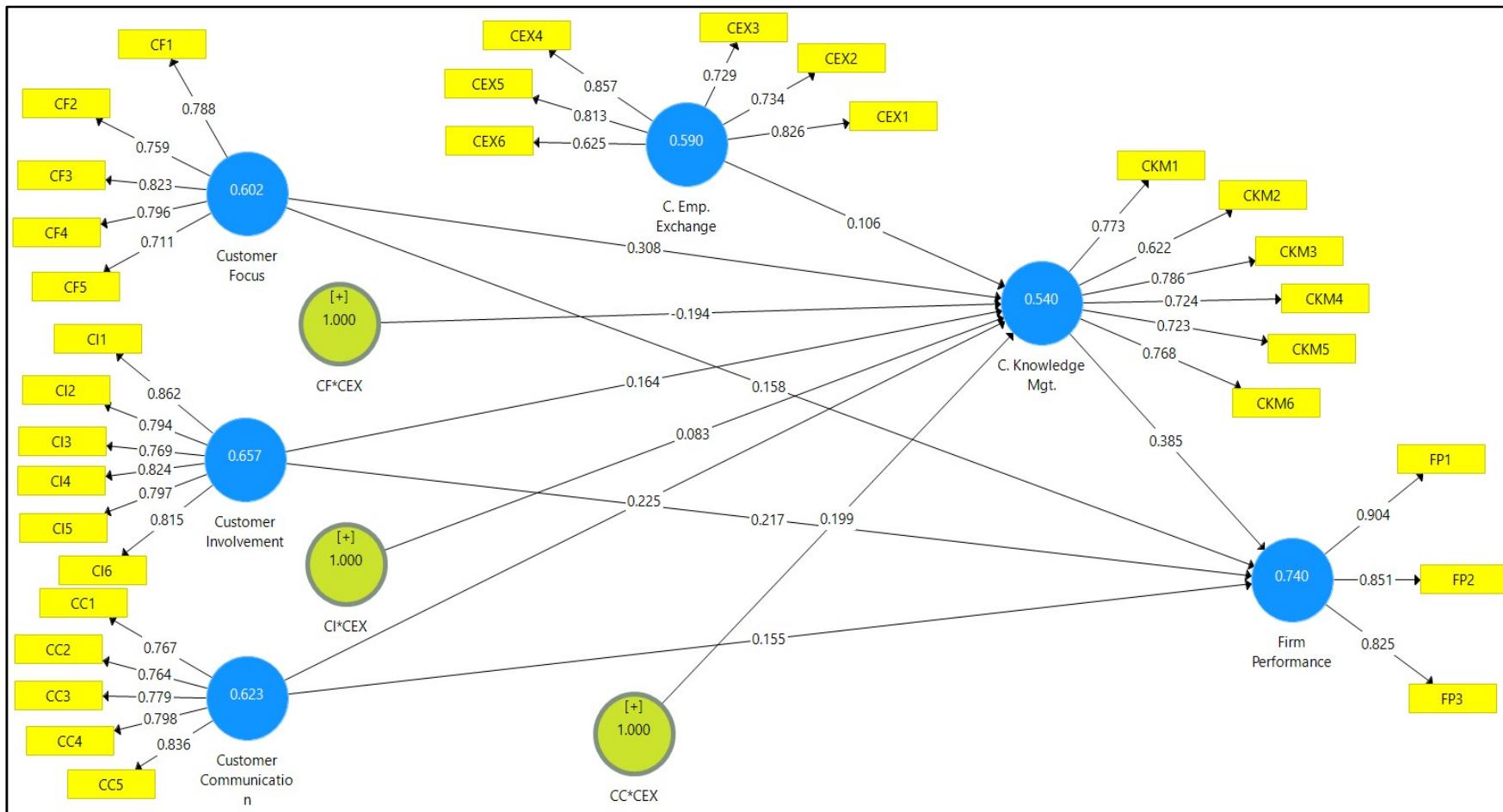
same constructs indicate stronger internal relationship, and this is supported by construct reliability.

There are different tests used in measuring internal consistency. One of the most applied tests is the Cronbach's alpha. Cronbach's (1951) coefficient alpha has been used regularly as the direct measure of reliability, and these changes with the number of observed items and their degree of correlation. This formula for developing the reliable measures is suggested when using multiple observed items that show high correlation (McQuitty & Wolf, 2013). It also serves as an incentive for applying multi-item scales to measure constructs in that, they minimize random measurement error and rather improve the consistency and reliability (ibid). Cronbach's assesses the internal consistency and test the uni-dimensionality of multi-item scales (Cronbach, 1951). Composite reliability measures how well all assigned items represent their own constructs (Fornell & Larcker, 1981). The current study run the test for reliability and internal consistency using the Cronbach's alpha. The recommended value for Cronbach's alpha is 0.70 or higher (Cronbach, 1951), and the composite reliability has the cut-off point of 0.70 (Nunnally & Bernstein, 1994). Table 5.2 below illustrates the Cronbach's alpha and the composite reliability. Hair et al., (2006) suggests that convergent validity represents the set of observable constructs that take into consideration, the underlying theoretical impression. According to Peter (1981) convergent validity ascertains the correlations between responses received through different measurement that represent same variables. In this study, the researcher made use of Average Variance Extracted (AVE) as suggested by Tabachnick & Fidell, (2007) and Henseler (2009). Table 5.2 illustrates the AVE to be at least 0.5 which is 50% as average, meaning each of the construct is able to explicate more than half of the variance in its measuring items (Fornell & Larcker, 1981). In Table 5.2 and Figure 5.1 below, the factor loadings are provided.

**Table 5.2: Internal consistency and convergence validity results**

Constructs	Items	FL	CA	CR	AVE
CC	CC1	0.767			
	CC2	0.764			
	CC3	0.779	0.850	0.892	0.623
	CC4	0.798			
	CC5	0.836			
CEX	CEX1	0.826			
	CEX2	0.734			
	CEX3	0.729			
	CEX4	0.857	0.860	0.895	0.590
	CEX5	0.813			
	CEX6	0.625			
CF	CF1	0.788			
	CF2	0.759			
	CF3	0.823	0.835	0.883	0.602
	CF4	0.796			
	CF5	0.711			
CI	CI1	0.862			
	CI2	0.794			
	CI3	0.769			
	CI4	0.824	0.896	0.920	0.657
	CI5	0.797			
	CI6	0.815			
CKM	CKM1	0.773			
	CKM2	0.622			
	CKM3	0.786			
	CKM4	0.724	0.829	0.875	0.540
	CKM5	0.723			
	CKM6	0.768			
FP	FP1	0.904			
	FP2	0.851	0.824	0.895	0.740
	FP3	0.825			

Notes: CR: Composite Reliability; AVE: Average Variance Extracted; CA: Cronbach's Alpha  
(source: own editing)



**Figure 5. 1: Presented the AVE and factor loadings calculated through PLS-Algorithm**

(source: own editing)

## 5.5.2 Discriminant validity

In the previous section, the researcher established that discriminant validity places a distinction between and among constructs. Three techniques can be applied to determine the discriminant validity for measurement items; Cross-Loadings, Fornell-Larcker discriminant validity and Heterotrait-Monotrait Ratio (HTMT).

### I. Fornell-Larcker

One of the most widely-accepted criterion for checking the discriminant validity of measurement models is the Fornell-Larcker (Fornell & Larcker, 1981). It argues that the AVE should be bigger than its association with other variables (Fornell & Larcker, 1981). To argue for convergent validity the AVE should be 0.5 or more to be adequate. When Fornell-Larcker criterion is applied the result of the AVE shows in diagonal forms. Discriminant validity is established when the value of the square root of the AVE in any column is greater than the value beneath it. In Table 5.3 the square root of the AVE is provided, and it shows that (as stated earlier) the square root of the AVE is greater than the numbers beneath them (off-diagonal), hence the constructs meeting the Fornell-Larcker criterion and discriminant validly achieved.

**Table 5.3: Discriminant Validity – Fornell and Larcker Criterion**

Constructs	CC	CEX	CF	CI	CKM	FP
CC	<b>0.789</b>					
CEX	0.349	<b>0.768</b>				
CF	0.636	0.340	<b>0.776</b>			
CI	0.158	0.071	0.194	<b>0.811</b>		
CKM	0.488	0.281	0.508	0.284	<b>0.735</b>	
FP	0.478	0.183	0.494	0.381	0.603	<b>0.861</b>

The diagonal values are the square root of AVE. Values below them are the correlations between latent variables  
Source: own editing based on Fornell and Larcker Criterion

The table above essentially ensures that constructs are different such that they measure separate concepts. To ensure that the measurements for each constructs measure the intended constructs, the values that measure the constructs themselves must be greater than all the other correlations that measure the construct and others. In this case each construct is distinct from others; hence measuring different concepts.

From the above table, each of the constructs has higher values against themselves (diagonal) than all other values (correlation) with other construct. This means that all the constructs essentially do not measure the same thing (concept). In essence customer orientation, customer knowledge management, customer-employee exchange and firm performance do not assess the same thing, they are different concepts and therefore fit for use in further analysis

## **II. Cross Loadings**

The second method in assessing the discriminant validity is the cross loading matrix. This is usually done when researchers assess the loadings of the items as well as their cross loadings. This method requires that a particular item's own loadings should be higher than the cross loadings with other constructs. Thus, a comparison will be made between the loadings of constructs on their parent constructs and loadings with other constructs. Decriminant validity is achieved when the own loadings are higher than the cross loadings. Table 5.4 illustrates the results of the cross loading matrix. It can be seen that all constructs have higher value on their parent constructs which are at least 0.1 higher than the cross loadings on the other constructs.

**Table 5. 4: Cross-loadings**

Items	CC	CEX	CF	CI	CKM	FP
CC1	0.767	0.296	0.531	0.166	0.333	0.318
CC2	0.764	0.334	0.539	0.107	0.363	0.327
CC3	0.779	0.180	0.454	0.133	0.414	0.477
CC4	0.798	0.277	0.514	0.101	0.434	0.403
CC5	0.836	0.317	0.482	0.121	0.359	0.322
CEX1	0.269	0.826	0.304	0.089	0.260	0.190
CEX2	0.231	0.734	0.219	0.114	0.155	0.104
CEX3	0.280	0.729	0.294	-0.048	0.212	0.100
CEX4	0.293	0.857	0.306	0.097	0.228	0.172
CEX5	0.325	0.813	0.258	-0.023	0.246	0.192
CEX6	0.185	0.625	0.153	0.143	0.160	0.037
CF1	0.528	0.304	0.788	0.131	0.455	0.438
CF2	0.392	0.202	0.759	0.160	0.338	0.318
CF3	0.544	0.267	0.823	0.151	0.382	0.368
CF4	0.507	0.226	0.796	0.070	0.389	0.356
CF5	0.476	0.302	0.711	0.237	0.386	0.416
CI1	0.125	0.086	0.191	0.862	0.239	0.383
CI2	0.120	0.043	0.135	0.794	0.239	0.319
CI3	0.080	0.043	0.103	0.769	0.194	0.317
CI4	0.142	0.078	0.170	0.824	0.245	0.285
CI5	0.175	0.043	0.177	0.797	0.253	0.293
CI6	0.127	0.048	0.161	0.815	0.203	0.227
CKM1	0.353	0.271	0.457	0.265	0.773	0.572
CKM2	0.272	0.186	0.371	0.200	0.622	0.426
CKM3	0.424	0.220	0.390	0.209	0.786	0.468
CKM4	0.295	0.166	0.290	0.173	0.724	0.386
CKM5	0.416	0.137	0.319	0.172	0.723	0.332
CKM6	0.387	0.227	0.374	0.211	0.768	0.422
FP1	0.459	0.216	0.495	0.355	0.541	0.904
FP2	0.393	0.127	0.430	0.303	0.511	0.851
FP3	0.378	0.122	0.342	0.324	0.503	0.825

Note: CC= customer communication, CEX= customer employee exchange, CF= customer focus, CI= customer involvement, CKM, customer knowledge management, FP= firm performance

source: own editing

As mentioned earlier, this table displays the loadings between variables and their parent constructs, since each construct has variables measuring them. When variables record higher loadings on their parent constructs the variables are deemed valid for use in further analysis. Therefore, this is used to assess whether a measure really assesses the intended construct.

From the table the measurement for customer communication (CC) which is represented by CC1 to CC5 all load higher on their parent construct (CC) than they do on all other constructs. The measurement for Customer-employee exchange (CEX) which is represented by CEX1 to CEX6 all load higher on the parent construct (CEX) than all the other constructs. This suggests that CEX1 to CEX6 have the ability to measure the intended construct CEX. Furthermore, the measurement for customer focus (CF) which is represented by CF1 to CF5 all load higher on the parent construct (CF) than they do on all other constructs, suggesting that all measurement have the ability to assess the intended construct CF.

Again, the measurement for customer involvement (CI) represented by CI1 to CI6 all load higher on their parent construct (CI) than they do on all other constructs. This means that all the measurement have the ability to assess the intended construct CI. The measurement for customer knowledge management (CKM) represented by CKM1 to CKM6 all load higher on their parent construct (CKM) than they do on all other constructs. This means that all the measurement have the ability to assess the intended construct CKM. Finally, the measurement for firm performance (FP) represented by FP1 to FP3 all load higher on their parent construct (FP) than they do on all other constructs. This means that all the measurement have the ability to assess the intended construct, FP.

In essence, the cross loadings suggest that, the objectives of the study can be achieved since the various measurements are adequate to assess them. The measurement for customer orientation, customer knowledge management, customer-employee exchange and firm performance are adequate to achieve the intended objective.

### **III. HTMT**

In applying the structural equation modelling and to determine the discriminant validity, the HTMT (Heterotrait-Monotrait Ratio) represents the final method. In their work on structural equation modelling Henseler, Ringle, & Sarstedt (2015) argue that the value of the HTMT must not be above the threshold value of 0.90, otherwise discriminant validity will not be achieved. The highest value from the HTMT in this study is 0.751 illustrated in table 5.5 below. Since the highest value is less than the proposed 0.90 by Henseler, Ringle & Sarstedt (2015) discriminant validity is achieved..

**Table 5.5: Results of Heterotrait-Monotrait Ratio (HTMT)**

Constructs	CC	CEX	CF	CI	CKM	FP
CC						
CEX	0.410					
CF	0.751	0.388				
CI	0.182	0.128	0.222			
CKM	0.574	0.318	0.595	0.323		
FP	0.557	0.202	0.586	0.436	0.716	

Source: own editing

The HTMT measures the ratio of between-trait to within-trait correlations; hence Hetero-trait Mono-trait). When the measurement is between-trait it means it is assessing the commonality (if any) between different constructs. When it is within-trait it checks the correlations between indicators of the same construct. Therefore the value of the HTMT shows the overall relationship between constructs. If the value is above 0.9 the constructs are not adequately different (they are the same) if the value is below 0.9 there is adequate difference among the constructs. From the table, all the values fall below 0.9, meaning that the constructs are sufficiently different from each other and therefore warrant usage for further analysis. In relation to the research objectives, this means the factors/concepts under consideration (i.e. customer orientation, customer knowledge management, customer-employee exchange and firm performance) are not the same; hence no similarity amongst them.

## 5.6. Assessment of the structural model

The validity of the structural model is essential after assessing the measurement model fit. There are various proposed criteria in assessing the validity of the structural model. These criteria include path coefficient ( $\beta$ ), effect size ( $f^2$ ), coefficient of determination ( $R^2$ ), predictive relevance ( $Q^2$ ) and collinearity and examining the structural model (Inner VIF). Once the reliability and validity of the construct measures are established, the next stage is to assess the structural model, revealing the correlations between the independent and the dependent variables. When assessing the path model a sequence of structural model are needed to be done to firstly illustrate the theoretical model, as suggested by Chin (2010). In order to arrive at the structural model assessment, the study utilized the following measurements; for endogenous variables, collinearity (inner VIF), coefficient of determination ( $R^2$ ), whiles predictive relevance

( $q^2$ ), effect size ( $f^2$ ), path coefficient ( $\beta$ ) were utilized to observe significance of the proposed hypotheses as argued by Henseler et al., (2009). The stepwise test for each are presented below.

### 5.6.1 Multicollinearity (Inner VIF)

PLS-SEM analysis mostly involves the assessment of multicollinearity (Wong, 2013). Shrestha (2020) mentions that multicollinearity arises when multiple analysis involve several variables that are significantly connected not only with the dependent variable but with each other as well. It allows some significant variables being used under the study to become statistically insignificant (ibid). It mostly occurs when ordinary indicators are present among different constructs, which results in multicollinearity (Yoo, et. al., 2014).

As argued by Hair et al. (2010), a multicollinearity test is needed to be performed on a data set before advancing to model testing. In identifying the problem of multicollinearity, the correlation coefficient can be applied. When the test is done and is realised that the correlation of coefficient values is higher than 0.9, then the problem of collinearity exists (Hair et al., 2010). Since the present study is using the Smart-PLS, the variance inflant factor (VIF) is used as a replacement for the correlation coefficient in order to identify multicollinearity problems.

The VIF is used to evaluate how much the variance of the assessed regression coefficient is inflated if the independent variables are correlated (Shrestha, 2020). The variables therefore are assumed not to have problems of multicollinearity if the inner VIF values are less than 5. If the values are identified to be more than 5 the relevant items are expected to be eradicated in order to get rid of collinearity from the data. In a study by Pallant (2007) the author affirmed that if the inner VIF values are more than 10 and less than 0.1, there exist multicollinearity. Illustration is provided in Table 5.6 to demonstrate that the maximum inner VIF value is 1.842 with the lowest value having 1.080. This proves that there is no problem of multicollinearity.

**Table 5.6. Multicollinearity – Inner VIF values**

Exogenous Variables	CKM	FP
CC (Customer communication)	1.795	1.790
CEX (customer employee exchange)	1.319	
CF (customer focus)	1.829	1.842
CI (customer involvement)	1.080	1.092
CKM (customer knowledge management)		1.506

Source: own editing

### 5.6.2 Coefficient of determination ( $R^2$ )

The Coefficient of determination generally refers to how well a statistical model predicts an outcome. It suggests the extent of variations in an endogenous variable by an exogenous one, which is usually measured in ( $R^2$ ). As suggested by Cohen (1988), if the value of the  $R^2$  falls between 0.02 and 0.12 then the weak variation is determined by the exogenous variable. If the value of the  $R^2$  falls in the range of 0.13 and 0.25, the variation is deemed medium, and if the value of the  $R^2$  is greater than 0.25 then the variation is deemed significant. The value of the endogenous variable CKM was 0.361. This means that 36.1% of the variation is explained by the exogenous variable. The Coefficient of determination ( $R^2$ ) of the other endogenous variable FP was also determined as 0.467 and this means that the variable explains 46.7% of the variations, hence significant.

**Table 5. 7: R-square result and Q2**

Endogenous Variables	R Square	Q2 (Predictive Relevance)
CKM (customer knowledge management)	0.361	0.344
FP (firm performance)	0.467	0.459

Note: Substantial > 0.25; Moderate > 0.12, Weak > 0.02 (Cohen, 1989).

Source: own editing

### 5.6.3 Effect size ( $f^2$ )

The effect size indicates the meaningful nature of the relationship between variables. Hair, Ringle & Sarstedt (2013) established that the effect size ( $F^2$ ) at 0.02 represents weak effect, at 0.15 represents moderate effect and at 0.35 it represents strong effects. In this study, effect size of the data is illustrated in Table 5.8. It shows that the effect of CC, CEX, CF, and CI have little effect on CKM. In the same vein, CC, CEX, CF, and CI all also have little effect on FP. However, CKM has a medium effect on FP because the value revealed is higher than 0.15.

**Table 5. 8: F-square result**

Exogenous Variables	CKM	FP
CC (customer communication)	0.044	0.025
CEX (customer employee exchange)	0.013	
CF (customer focus)	0.081	0.026
CI (customer involvement)	0.039	0.081
CKM (customer knowledge management)		0.185

Notes: Large:  $f^2$  effect size 0.35; Moderate:  $0.15 < f^2$  effect size  $< 0.35$ ; Small:  $0.02 < f^2$  effect size  $< 0.15$ .

(Source: own editing)

#### 5.6.4 Predictive relevance ( $Q^2$ )

The predictability of the model is vital to be determined at this stage. In order to determine the predictability of the model, one of the methods used is the  $Q^2$  test. The Stone-Geisser's  $Q^2$  value (Stone, 1974; Geisser, 1974) to date represents one of the most useful methods of determining the predictive relevance of a model. The indication of predictive relevance is recognized when the value of  $Q^2$  is greater than zero as suggested by (Fornell & Cha, 1994). If the  $Q^2$  is 0.02 it represents a weak predictability, at 0.15, it represents moderate predictability, and at 0.35 it represents a strong level of predictive relevance of each effect (Hair, et al., 2013). Furthermore, in evaluating the model's cross-validation, the samples reprocess method becomes the better method to apply (Chin, 1998). With the Smart PLS the cross-validation can be obtained using the Blindfolding technique (Wong, 2013). Thus, the Blindfolding technique is performed and illustrated in Table 5.6 above indicating a high predictive relevance and good fit of the whole model.

#### 5.7 Direct effect analysis

Bollen (1987) suggests that direct effects are those influences that are not mediated by any other variable. Multiple regression analysis normally applies the standardization whereas with the SmartPLS the path coefficient is used in determining the direct effect of path. Hair, Ringle & Sarstedt, (2013) suggest that the path coefficient assessment can be achieved through the use of bootstrapping. Chin (1998) also adds that since the PLS is not known to have a data normality constraint the bootstrapping technique is good to estimate the confidence interval and the t statistics. It is essential to check the existence of significant associations in the structural model.

Therefore the bootstrapping technique is used to determine the outcomes of the inner path. There are individual path hypothesis and so the regression coefficient ( $\beta$ ) was used to observe them. Hair et al., (2011) in their study conclude that the result of the path coefficient should be at least 0.1 in order to be considered significant.

As illustrated in Table 5.10 the path coefficient assessment is indicated. Four direct hypotheses were proposed and all were supported. The proposed hypotheses are all significant at 0.05, at least. Their path coefficient value ( $\beta$ ) ranges from 0.158 - 0.385. The first proposed hypothesis (H1a) is in relation to the customer focus (CF) and customer knowledge management (CKM). The result shows statistically significant relationship because the p-value (0.000) less than 0.05 whilst the t-value (4.468) is higher than 1.96. the relationship is positive, in that, the beta value ( $\beta=0.308$ ) is positive. This means that CF has a positive influence on CKM. With respect to the fifth hypothesis (H1b) the relationship between customer involvement (CI) and CKM was determined. The results showed a statistically significant relationship. The p-value (0.009) is less than 0.05 as well as the t-value (2.639) being greater than 1.96. The relationship is also on a positive direction as the beta ( $\beta=0.164$ ) value is positive. This means that CI has a positive influence on CKM. The sixth hypothesis (H1c) tests the relationship between customer communication (CC) and CKM. The result indicates a statistical significance in the relationship. This is because the p-value (0.002) is lower than 0.05, and the t-value (3.142) is also bigger than 1.96. The direction of the relationship is positive since the beta ( $\beta=0.225$ ) value is positive. Thus CC positively influences CKM.

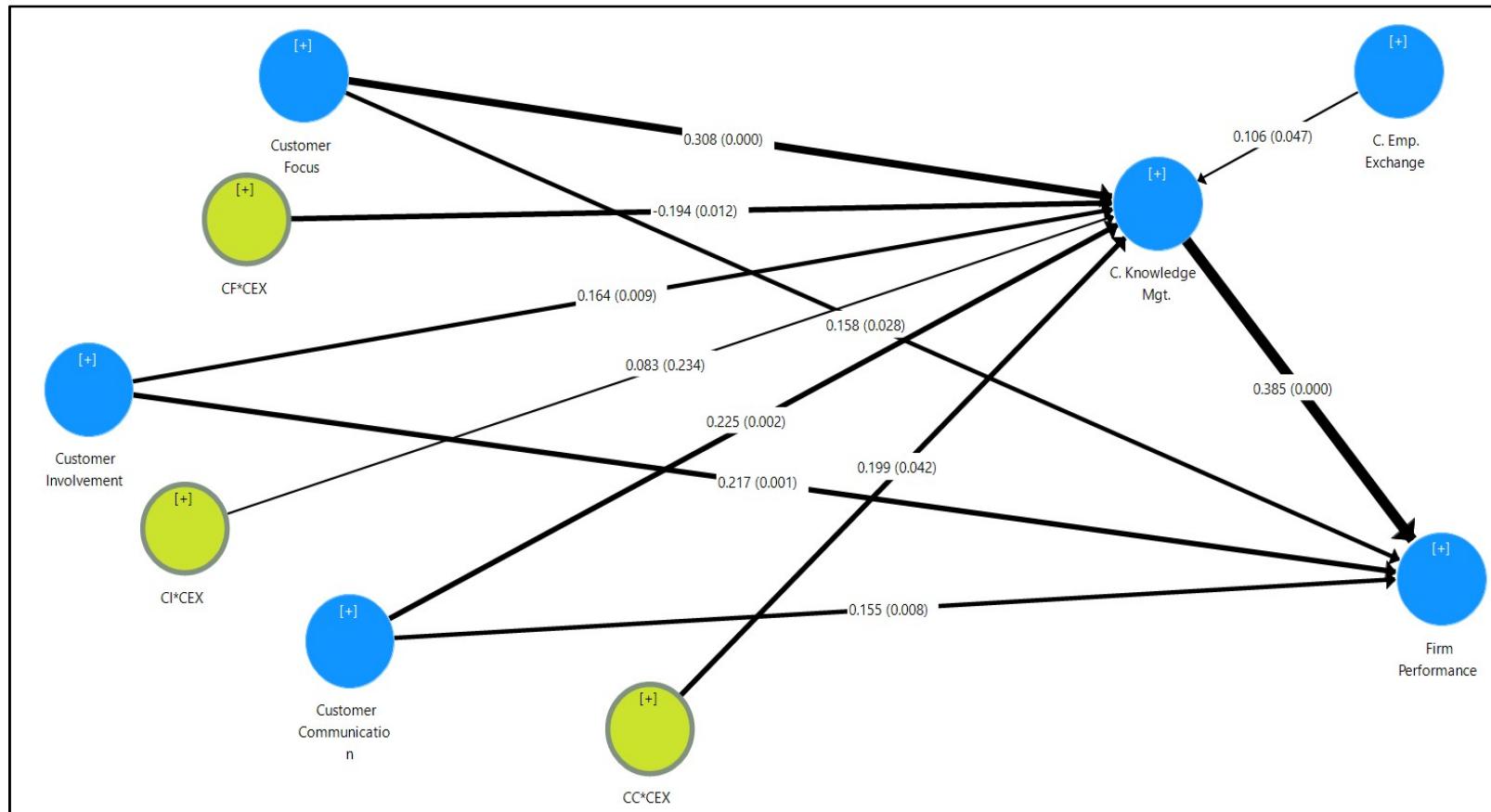
The final direct hypothesis (H2) is in respect of the relationship between CKM and FP. The result indicates a statistical significance relationship. This is because the p-value (0.000) is less than the 0.05, with the t-value (5.475) being greater than 1.96. Furthermore, the last direct hypothesis (H3) was the relationship between CKM and FP revealed statistically significant due to the p-value (0.000) is less than 0.05 and the t-value (5.475) which is higher than 1.96. The relationship shows a positive direction as since the beta ( $\beta= 0.385$ ) value is positive. This suggests that CKM has a positive relationship with FP. The direct path analysed indicate that all the proposed four hypothesis show direct positive relationship. The result is illustrated in Table 5.9 and the figure 5.2.

**Table 5. 3: Path coefficient results indicating significance of the hypotheses**

Hypotheses	OS/Beta	SM	SD	95% Confidence		t	p	Decision			
				Interval							
				Bias Corrected							
				LL	UL						
H1a: CF -> CKM	0.308	0.303	0.069	0.182	0.456	4.468	0.000	Significant			
H1b: CI -> CKM	0.164	0.180	0.062	0.035	0.269	2.639	0.009	Significant			
H1c: CC -> CKM	0.225	0.223	0.072	0.081	0.351	3.142	0.002	Significant			
H2: CKM -> FP	0.385	0.391	0.070	0.226	0.491	5.475	0.000	Significant			

Note:OS=Original Sample/SM=Sample Mean/SD=Standard Deviation.

Source: own editing



**Figure 5. 2: Structural model with path coefficient beta values and p-values from Bootstrapping test.**

(Source: own editing)

## 5.8 Indirect effect (mediation) analysis

Indirect effects represent the influences that are mediated by at least a single intervening variable (Bollen, 1987). After applying the bootstrapping procedure for the direct effect analysis, this section (the indirect/mediation effect analysis) will also see the application of the bootstrapping technique. Hair et al. (2013) in their work suggested the application of the bootstrapping method in the mediation analysis. Hair et al., (2011) suggested that the proposed number of bootstrap samples ought to be 5000, and the bootstrap cases be same as the number of valid observations. Wong (2013) adds that a great deal of subsamples are extracted from the original sample with replacement to give the bootstrap a standard error, and this provides approximate t-values for significance testing of the structural path. However, and for the purpose of this study, Nevitt, & Hancock (2001) indicated that a small number of bootstrap of about 250 is enough for analysis. The number of observations used in this study is 283.

Hayes & Darlington, (2016) stated that the most valuable part of assessing the indirect effect is the mediation analysis. Hence the study uses the bootstrapping technique to determine the mediation effect of the structural model. The bootstrapping result is demonstrated in Table 5.11 where the indirect effects are determined. The effect of the independent variable on the dependent variable though the mediation variable was found to be significant, statistically. Meanwhile, the direct effects of CF, CI and CC on FP indicate significance with p-values 0.028, 0.001 and 0.008 respectively.

From Table 5.11 the results of the mediation analysis are demonstrated. There were three proposed mediation hypotheses in the study (H3a, H3b, and H3c). The results indicated that all the three (3) mediation relationships proposed were found to be significant. The relationships were significant because their respective p-values are less than 0.05; the t-value being higher than 1.96. To confirm their significant meditation effect the lower limit (LL) and the upper limit (UL) are all positive.

The initial mediation relationship proposed (H3a) was in relation to CKM in the relationship between CF and FP. The significance of the relationship was shown in the result. The p-value is 0.001 and is less than 0.05, the t-value is 3.267 which is higher than 1.96, this means the relationship is significant. In addition, the values of the LL and UL are 0.062 and 0.202 respectively. Since there is no zero in between it confirms the significant mediation effect of CKM. The mediation effect can be described as partial since in the direct effect analysis it was found that CF has significant effect on FP.

The next proposed mediation hypothesis (H3b) is in relation to the mediation effect of CKM in the relationship between CI and FP. The result shows significant relationship, in that, the p-value of 0.042 is less than 0.05, with the value of the t 2.039 being higher than 1.96. Moreover, the values of LL and UL are 0.011 and 0.121 respectively, meaning there is no zero in between them, and this confirms the significant mediation effect of CKM. The mediation is also partial one in the sense that the direct effect of CI on FP which was determined earlier was significant. Thus the result can conclude that CKM plays a partial mediation effect in the relationship between CF and FP.

The final proposed mediation hypothesis (H3c) is in relation to the mediation effect of CKM in the association between CC and FP. The result shows statistically significant relationship due to the p-value 0.009 being less than 0.05 and the t-value 2.606 greater than 1.96. Moreover, the values of LL (0.030) and UL (0.156) show no zero in between and this further affirms the significant relationship. However, and similar to the previous mediation effect, this one also proves to be partial relationship. This is because the direct relationship between CC and FP determined earlier is significant, hence this partial relationship. Find below Table 5.10 which illustrates the indirect (partial) effects of the proposed mediation hypotheses.

**Table 5.10 Mediation analysis result indicating significance of the relationships**

Hypotheses	OS/Beta	SM	SD	95% Confidence Interval		t	p	Decision
				Bias Corrected	LL			
H3a: CF -> CKM -> FP	0.119	0.119	0.036	0.062	0.202	3.267	0.001	Significant
H3b: CI -> CKM -> FP	0.063	0.072	0.031	0.011	0.121	2.039	0.042	Significant
H3c: CC -> CKM -> FP	0.087	0.088	0.033	0.030	0.156	2.606	0.009	Significant

Note: OS=Original Sample/LL=Lower Limit/UL: Upper Limit.

(Source: own editing)

## 5.9. Moderation effect analysis

The initial relationships determined were those of the direct and indirect paths in the structural model. In this section, the moderating effect of the moderating variable, which is customer-employee exchange (CEX) was tested. Baron and Kenny (1986) contend that a moderating variable serves as variable that influences the strength of a direction between a dependent and an independent variable. This study, as with earlier technique, uses the bootstrapping method to assess the moderating effect. Illustration is provided in Table 5.11 with the three proposed moderating paths (H4a, H4b and H4c). All the proposed paths show that CEX moderated the proposed paths. The initial proposed moderating hypothesis (H4a) was that CEX significantly moderates the relationship between CF and CKM. It shows that CEX has a significant moderating effect between them as the t-value ( $t=2.515$ ) showed higher than 1.96 and p-value ( $p=0.012$ ) was found to be lower than 0.05. It suggests CEX takes an active part in moderating role on the association between CF and CKM. The beta value ( $\beta= -0.194$ ) is negative, so it shows a decreasing impact on the relationship. The increase in customer interactions results in the decreasing level of influence of CF on CKM.

With the next proposed hypothesis (H4b) the study is testing the moderating effect of CEX in the relationship between CI and CKM. The result found that the relationship is insignificant. This is because the p-value 0.234 is greater than 0.05 and the t-value of 1.192 also being greater than

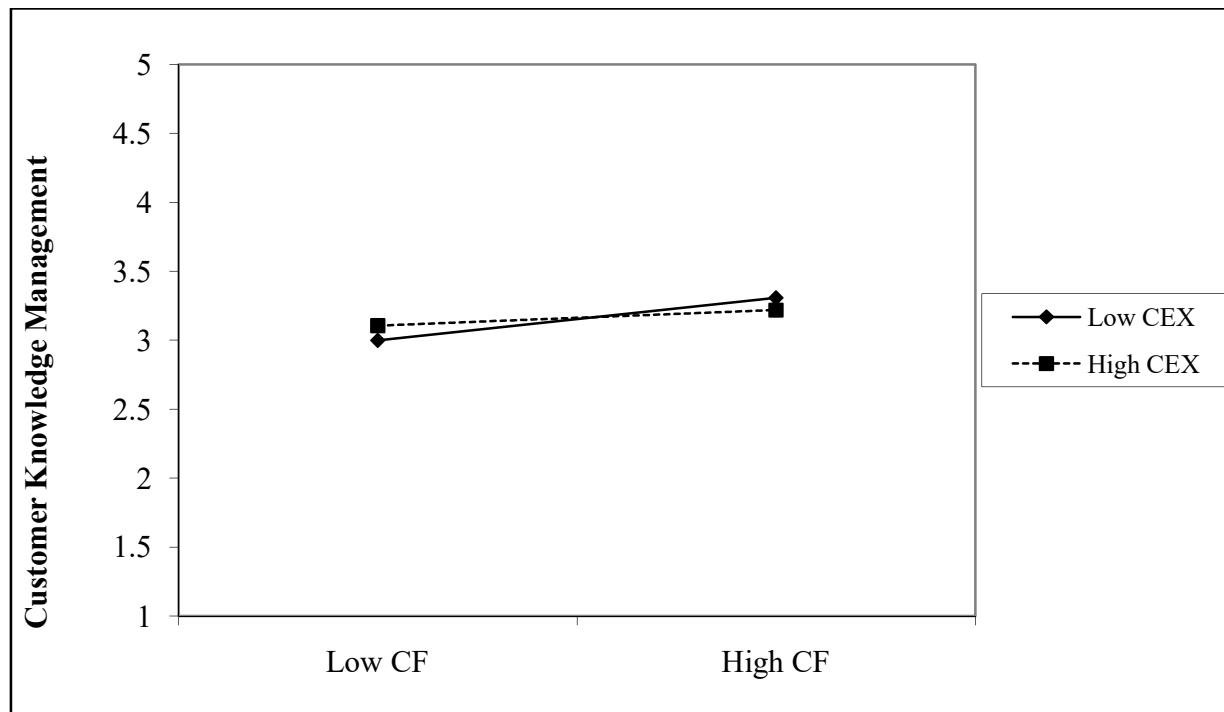
1.96. Thus, CEX does not affect the association between CI and CKM. The final moderating hypothesis (H4c) is in respect of the influence of CEX between CC and CKM. The result indicates that the relationship is significant. This is because the p-value which is (0.042) is less than 0.05, with the t value (2.037) being greater than 1.96. Since the value of beta ( $\beta=0.199$ ) is positive, it can be deduced that the existence of CEX in the relationship between CC and CKM is in a positive direction.

**Table 5. 4Moderation analysis results**

Hypotheses	OS/Beta	SM	SD	95% Confidence Interval Bias Corrected		T	P	Decision
				LL	UL			
H4a: CF*CEX -> CKM	-0.194	-0.180	0.077	-0.364	-0.061	2.515	0.012	Significant
H4b: CI*CEX - > CKM	0.083	0.061	0.070	-0.057	0.195	1.192	0.234	Not Significant
H4c: CC*CEX -> CKM	0.199	0.202	0.098	0.033	0.410	2.037	0.042	Significant

Note: OS=Original Sample/LL=Lower Limit/UL: Upper Limit

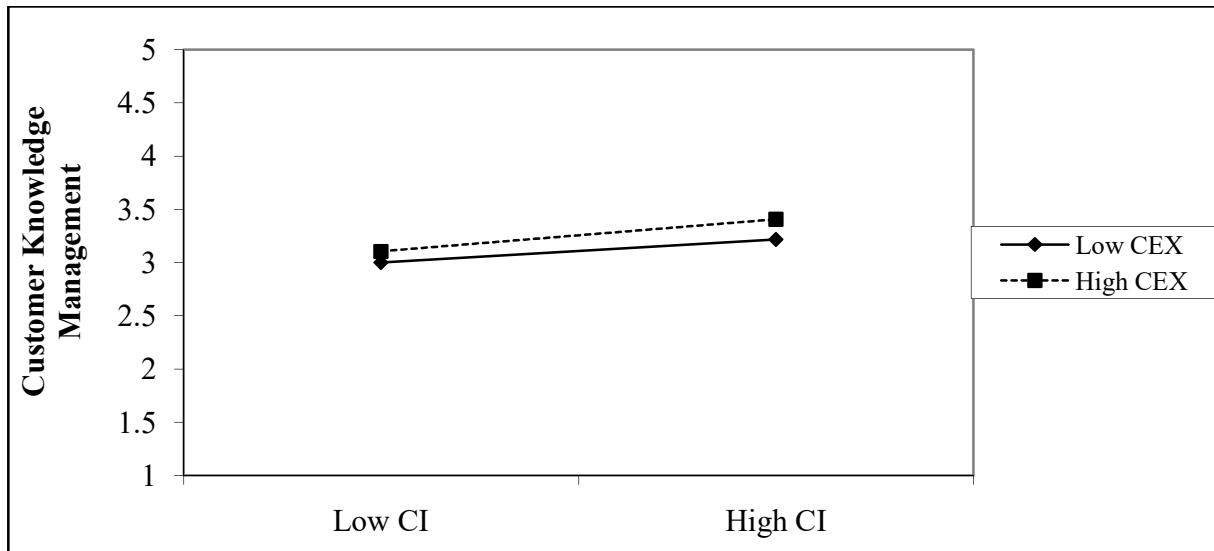
In furtherance to the confirmation of the effect of interaction of CEX on the relationship between CF and CKM, figure 5.3 shows the result. It indicates that the influence of CF was weaker when the level of CEX is high. When the level of CEX was low, it shows the influence was stronger. The path analysis was conducted under high (1 standard deviation above the mean) and low (1 standard deviation below the mean) levels of CEX. The paths that shows the low and high levels for CEX in the relationship between CF and CKM are demonstrated in figure 5.3



**Figure 5.3: Interactive Effect of CEX in between CF and CKM**

(Source: own editing)

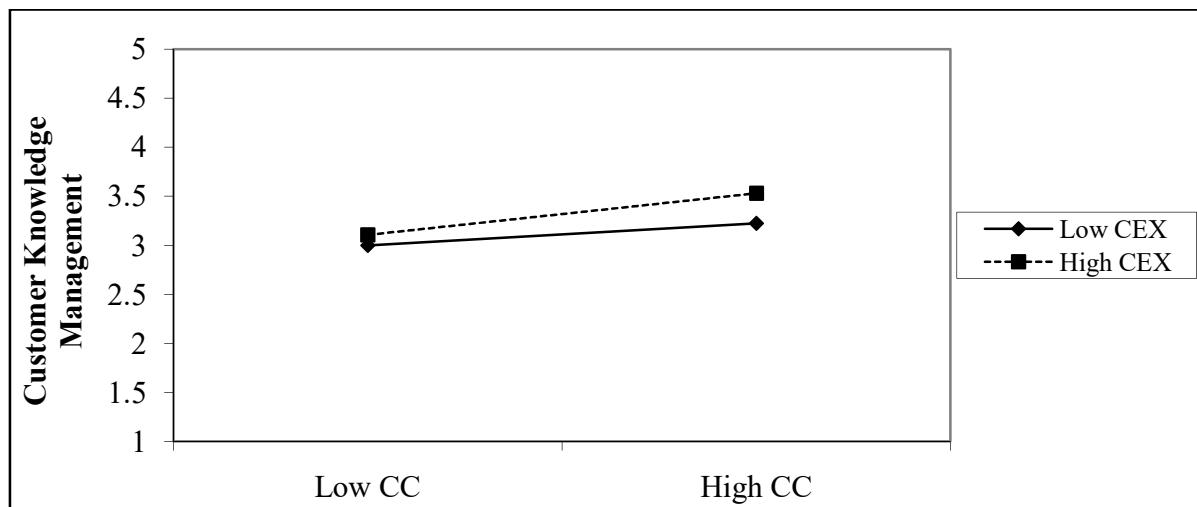
Again, the confirmation of the effect of interaction of CEX on the relationship between CI and CKM is indicated in figure 5.4. It signifies that the influence of CI on CKM was high when CEX's level is high. The influences shows weakness when the level CEX is low. Similarly the path analysis was conducted with respect to high (1 standard deviation above the mean) and low (1 standard deviation below the mean). The path analysis that shows the low and high levels for CEX in the relationship between CF and CKM are demonstrated in figure 5.4



**Figure 5. 4: Interactive Effect of CEX in between CI and CKM**

(source: own source)

Furthermore, to confirm the effect of interaction of CEX on the relationship between CC and CKM is demonstrated in figure 5.5. It signifies that the influence was stronger when CC level was high, shows weakness of the influence when the CEX level is low. The path analysis was done taking into consideration both the high (1 standard deviation above the mean) and low (1 standard deviation below the mean) levels of CEX. In figure 5.5 the researcher illustrates the path at low and high levels of CEX for CC and CKM.



**Figure 5. 5: Interactive Effect of CEX in between CC and CKM**

(Source: own editing)

## 5.10 Summary of the hypotheses testing result

This section presents the summary of all the proposed hypotheses for the study. In all, Ten (10) hypotheses where proposed, nine (9) were found to support, and only one (1) not supporting. Below in Table 5.13, the study illustrates the hypotheses.

**Table 5.12: Summary of all hypotheses results**

No.	Hypotheses	Results
H1a	CF has a significant effect on CKM	Supported
H1b	CI has a significant effect on CKM	Supported
H1c	CC has a significant effect on CKM	Supported
H2	CKM has a significant effect on FP	Supported
H3a	CKM has a significant mediating role in the relationship between CF and FP	Supported
H3b	CKM has a significant mediating role in the relationship between CI and FP	Supported
H3c	CKM has a significant mediating role in the relationship between CC and FP	Supported
H4a	CEX has a significant negative moderating effect on the relationship between CF and CKM	Supported
H4b	CEX has a significant moderating effect on the relationship between CI and CKM	Not Supported
H4c	CEX has a significant moderating effect on the relationship between CC and CKM	Supported

Source: own editing

## **5.11 Chapter summary**

This section looks at the presentation of the data analysis. The section thoroughly discussed several subheadings used in arriving at the findings of the study. First, the section discusses the preliminary data analysis taking into consideration the rate of response, missing response, data recording and cleaning, screening to check outliers and data normality. After the process, the study arrived at 283 authentic cases to be useful for data analysis. The demographic variables were provided, and this consists of 7 variables.

The SEM method was then used in testing the hypothesised model. There were 31 items used in testing the model. The PLS algorithm was used in carry out the analysis of the components of the constructs. All the items loaded were found to be higher than 0.6. Internal consistency was also attained with values higher than 0.7. The convergent, discriminant validity were attained using the Fornell-larcker criterion, HTMT and cross loadings. This means that all the dimensions attained construct and convergent and discriminant validity. After checking the coefficient of determination ( $R^2$ ) which showed significance, the paths of the proposed hypotheses were determined. In all out of the ten proposed hypotheses, nine hypotheses were supported with only one not supporting.

## CHAPTER 6

### DISCUSSIONS CONCLUSIONS AND RECOMMENDATIONS

The findings regarding research objectives are discussed in this section. Conclusions and recommendations are provided as well.

#### **6.1 Objective 1: customer orientation and customer knowledge management**

The first objective sought to find out the effect of customer orientation on customer knowledge management. Customer focus has been found to show positive and considerable relationship with customer knowledge management. Customer focus makes it possible to get desired information about the customers. This suggests that focussing on the customers helps the firm identify the needs of customers and help store that information into useful tools. Customer focus enables the firms to develop a database of knowledge about customers. Roh, Ahn, and Han, (2005) indicated that, through an appropriate use of technology, customer-focused companies can enhance customer service, in that; it helps them collect service performance information for management use. Most of these SMEs used under this investigation may not have the modern technology to enhance the information collection activities. My observation is that, they mostly try posing relevant questions to the consumers on their respective experiences with the service.

From this objective, findings also reveal that customer involvement (CI) is found to have an influence on customer knowledge management. As indicated earlier, customer involvement represents the extent to which customers are engaged with by the firm to help provide input at various phases of the service delivery. Again this result also indicates that firms cautiously screen opinions provided by customers in order to come up with the workable ones. The findings suggest that during these engagements, important customer information is acquired. Furthermore, the firms in the SMEs bracket believe that they regularly transfer the information needs and preference about customers; thus, making it possible for firms to manage their customer information effectively and efficiently.

Customer communication has also been found to have an influence on customer knowledge management. As indicated earlier, regular communication with customers is a vital feature of a firm whose interests are to effectively compete in the market. Consumers are afforded the opportunity to provide information to the organization when needed. It is noteworthy of acknowledgement that effective communication brings quality feedback to the firm and to

rightly apply that for competitive advantage. From the finding, it can be deduced that regular communications with the customer enhances the ability of the firm manage the knowledge they possess about the customer. In addition, the finding is in a positive direction, meaning that, the more communication the firms have with the customer, the better knowledge they generate about the customer. When better knowledge is attained from the customer, the right decisions are likely to be made.

## **6.2 Objective 2: Customer Knowledge Management and Firm Performance**

Customer knowledge management centers on identifying, organizing, and using customer knowledge (Kakhki et al., 2021). From the results, customer knowledge management has been found to have an effect on firm performance. This indicates the availability of systems to store information collected from the market which helps to improve the performance of the firm. As previously indicated, customer knowledge management refers to the management of the procedure an organization uses to acquire, store and analyze customer-related data. Here customer knowledge management systems are applied during the implementation.

It goes on to show that customer/market knowledge which is relevant to their work is regularly available and accessible. This helps them get the right decisions at the right time and which enhances their performance, be it financial or non-financial. Non-financial marketing related performances are related to customer satisfaction, customer retention, brand preference, market shares etc. Khosravi, et. al. (2018) found that recent studies have come up with different organizational outcomes of effective customer knowledge management and which include operational performance, innovation, and competitive advantage. Similarly, in their work on knowledge process and firm performance, Imran et al. (2018) conclude that knowledge management has a positive influence on firm performance. The literature on the influence of customer knowledge management on firm performance is in abundance and thus confirms the findings of the study and particularly its relevance for Ghanaian SMEs.

## **6.3 Objective 3: The mediating role of customer knowledge management in the relationship between customer orientation and firm performance**

Findings of the study reveal that customer knowledge management mediates the relationship between all the customer orientation elements (customer focus, customer involvement and customer communication) and firm performance. This study suggests that customer orientation

has an influence on firm performance; as it is well studied in the literature. In the current objective, it was proposed that, even though customer orientation (customer focus, customer involvement and customer communications) have an influence on firm performance, customer knowledge management is thought to play some form of intermediary role. In this regard the result indicates that there is indeed an intermediary role played by customer knowledge management.

To understand the context clearly, it has already been established that customer focus, customer involvement and customer communication have an effect on firm performance. However, the influence of customer knowledge management cannot be underestimated even though the mediation role is a partial one. Thus, in order to realise the full impact of customer orientation on firm performance much attention need be given to how systems are put in place to store gathered information. Information gathered must be directing towards the right departments through a trusted channel. This way the full potential of the customer focus strategies would be realised. This suggests that customer knowledge management is an important factor when looking into the nature of influence of customer orientation on firm performance.

#### **6.4 Objective 4: The moderating role of customer-employee exchange (CEX)**

The moderating effect CEX for customer orientation (customer focus, customer involvement and customer communication) and customer knowledge management was determined. From the findings, customer-employee exchange has been found to moderate the relationship between customer focus and customer knowledge management. This means that CEX influences the extent of effect of customer focus on customer knowledge management. However, for customer focus in particular the more the interaction between the firm and its customers the acquisition and management diminishes since the direction indicated in the results is negative.

Findings from the second moderation effect means that CEX does not have any form of influence in the relationship between customer involvement and customer knowledge management. In essence, despite the firms' resolve in the preservation of a good relationship with the customer, it does not influence the ability of customers' involvement in information gathering (customer knowledge management) and usage. This is however, not surprising, giving that customers would have already committed themselves to value co-creation. This means that there is no need for any intervening pressure to enhance knowledge gathering from the customer when the customer is fully involved.

The last moderation effect was to ascertain the role of CEX on the relationship between customer communication and customer knowledge management. It was found that CEX strengthens the association between customer communication and customer knowledge management. Thus the presence of regular interaction with the customer improves the customer communication level to enhance the customer knowledge management capability of the firms. Gibbert et al. (2002) postulated that an organization can obtain knowledge that resides in the customer, share and expand the knowledge by regular customer interaction.

## **6.6 Key Findings**

- Customer orientation has an effect on customer knowledge management among Ghanaian SMEs
- Customer knowledge management has an effect on firm performance among Ghanaian SMEs
- Customer knowledge management plays a mediating role between customer orientation and firm performance among SMEs in Ghana
- Customer-employee exchange is found to moderate the relationship between customer orientation and customer knowledge management among SMEs in Ghana

## **6.7 Discussion to the key findings**

In this study it was found that customer orientation improves customer knowledge management. Thus the three dimensions of customer orientation, namely customer focus, customer involvement and customer communication all are found to positively improve customer knowledge management. This finding is akin to the works done by Li Sa et al (2020) in their study in the hospitality industry concluded that customer orientation have an impact on firm's knowledge creation. The study also found that customer knowledge management has an effect on firm performance. In the literature, some studies are found to share findings similar to this. For example Lin (2015) in a study on knowledge management found knowledge management to have an effect on performance using scorecard outcomes. These scorecard items were related to customer satisfaction and financial performance. Adaileh et. al., (2020) in their study on knowledge management also found that knowledge management has an effect on firm performance. Again, Narayanan et al. (2020) in their study on the outcome of knowledge management in the Malaysian SMEs found that customer knowledge management has an impact on organizational outcomes related to innovation speed and organization performance. Similarly

Shieh (2011)'s work on customer relationship management, customer knowledge management and business performance found that knowledge management improves business performance. The findings suggest that knowledge sharing has played a critical role in the relationship.

The study further found that customer knowledge management plays a partial mediation role between customer orientation and firm performance. One of the rare studies done to ascertain the mediation effect of knowledge management on the relationship between customer orientation and firm performance is by Li Sa et. al., (2020). The study concluded that customer knowledge management partially mediates the effect of customer orientation on firm performance. This finding is curious because this current study and that of Li Sa et al (2020) both find the mediation of customer knowledge management to be partial. In essence, whilst information gathering is important, more attention can also be given to the creation of knowledge. The final key point relates to the moderating role of customer-employee exchange on the effect of customer orientation and customer knowledge management.

It was found that customer-employee exchange indeed influence the relationship between two dimensions (customer focus and communication) of customer orientation and customer knowledge management. From customer focus perspective, the ability to acquire and manage knowledge relies on the absence of customer interactions. This is because frequent customer interactions will reverse the gain expected from customer knowledge acquisition and management. If the objective is to enable the use of customer focus to develop a more robust customer knowledge acquisition and management, then SMEs in Ghana can do well to avoid customer-employee exchange programs. In essence, customer focus can unilaterally improve formal process and systems for knowledge management. The negative direction could also come as a result of very poorly organized customer-employee exchange activities of the SMEs.

Customer-employee exchange does not moderate the relationship between customer involvement and customer knowledge management. This means that, all forms of customer interactions are rendered ineffective once SMEs involve consumers in value creation, idea generation, as well as seeking regular customer opinions. Not that the aforementioned are bad behaviours but certainly not needed if the objective is to improve knowledge management systems. It is also interesting to note that customer-employee exchange positively moderates the relationship between customer communication and customer knowledge management. Ideally, when SMEs are able to communicate and resolve customer complaints effectively customer knowledge systems are enhanced when regular interactions with customers are improved.

Kim and Qu (2020) in their study on employees' social exchange found that customer-employee exchange plays an important role in customer orientation. The study concluded that customer-employee exchange positively improve customer orientation. Similarly, Adam and Husseini (2023)found that customer-employee exchange improves firm innovative behaviour. Customer knowledge management was found to mediate the relationship between customer-employee exchange and firm innovative behaviour.

## **6.6 Conclusion to the findings**

In the marketing literature, customer orientation has received much attention. A firm's performance is no doubt a result of persisted strategies centered on customers; customer focus, customer involvement, and customer communication. The study sought to unearth the complex relationships among some important factors in the marketing realm that could affect firm performance directly or indirectly. These factors were customer orientation, customer knowledge management and customer-employee exchange. Thus the study desired to understand effect of customer orientation on customer knowledge management in the Ghanaian SME environment. The mediation role of customer knowledge management in the association between customer orientation and firm performance in the Ghanaian SME context is also ascertained. Furthermore, it also sought to understand the extent of influence of customer-employee exchange in the relationship between customer orientation (customer focus, customer communication and customer involvement) and customer knowledge management.

The findings reveal that customer knowledge management indeed improves business performance among SMEs in Ghana. This is homologous to the findings of some authors such as Narayanan, Nadarajah, Sambasivan & Ho (2020) Imran, Ilyas, Aslam, & Fatima, (2018), Khosravi, Hussin & Nilashi (2018) and among others. The identification and creation of customer knowledge Mehdibeigi et al., (2016) was conceptualized in this study to mediate the relationships between customer orientation (customer focus, customer involvement and customer communication) and firm performance. Findings suggest that customer knowledge management plays a partial role in the influence of customer orientation on firm performance. This means that even though customer orientation improves market, financial and overall performance of the firm, Ghanaian SMEs should pay attention to the method of collection and application of knowledge as the benefit could be immense.

Furthermore, the overall interactions between the employees of the Ghanaian SMEs and the customer; thus customer-employee exchange was also conceptualized to moderate the

relationship between customer orientation (customer focus, customer communication and customer involvement) and customer knowledge management. It was found that with the exception of customer involvement, the overall interactions seems to determine the extent to which knowledge is gathered and applied from the application customer orientation (thus customer focus and customer communication) in the context of the SMEs in the Ghanaian environment.

## **6.7 Theoretical and Practical Implications**

This study presents an important insight into the academia, especially management and marketing. In the first place most SMEs and large firms alike have over the years made the emphasis on the customer being the most important stakeholder. Fortunately, the academia is endowed with a lot of literature on customer focus and its importance in improving the performance of businesses. The relevance of customer orientation on firm performance may be lost in a very few years to come. It then becomes necessary to understand the critical roles of certain important factors that could still make the concept relevant for firm improvement. This study showed the way by trying to find out the mediating role of customer knowledge management in the relationship between customer orientation and firm performance. Again, this study also looked at the moderating role of customer employee exchange in the relationship between customer orientation and customer knowledge management. The academic literature can therefore continue to explore more important factors to understand more complex relationships.

This study reveals the influence of different dimensions of customer orientation (customer focus, customer communication and customer involvement) on customer knowledge management;. The study further made use of the relevance of customer employee exchange to determine the role it has on the relationship between the various elements of customer orientation and customer knowledge management.

Practically, the present outcomes of the study have varying consequences, especially for firms operating as SMEs in the Ghanaian context. First of all, for any enterprise designated as SME should recognize the different components of customer orientation: focus, communication and involvement if they are interested in reaping the maximum benefits of customer orientation on their business performance. The effectiveness of each component signifies the resultant customer knowledge that would be gathered and managed for the benefit of the SME. The outcome of the study also suggests that the application of knowledge management methods such as capturing

information, storing information as well as sharing have the ability to improve SMEs performance. Ill-conceived customer knowledge management activities can be problematic and have the tendency to disrupt the organizational process involved in achieving better performance.

Furthermore, the study presents essential information regarding the use of employees in customer interactions to generate information. This brings out the importance of managing product or service encounters at the various SMEs. Findings therefore put an emphasis on pragmatic information exchange between the employee and the customer at each service or product encounter as it would make knowledge acquisition, storing and sharing better for SME performance. Therefore the study calls the attention to the development of some practical guidance for employees to engage with customers for firm benefit.

## **6.8 Limitations**

Sampling techniques play an important role in enhancing research through the selection of representative samples. Convenience sampling suggests that the researcher make use of sample that are readily available and have access to (Golza, Noor & Tajik, 2022). This current study basically made use of the samples that were available and ready to participate in the study. Despite the apparent importance of adopting convenience sampling, it does not go without acknowledging its shortcomings (limitations) relative to this study. Some SMEs were excluded from the selection based on the fact that the selection is non-probability. Even though the questionnaire was distributed at different times and locations to minimize selection bias, it may not be enough to do away with the selection bias. It is also argued that the findings of the study may have some forms of limitations its generalizability, relative to the use of the convenience sampling technique. Alternative sampling techniques can be simple random sampling or the systematic sampling. In both cases the seeming biasness in the selection process will be taken care of to ensure the finding's generalisability. However, the personal experiences of the author have contributed to increase the strengths of the conclusions and proposals.

## **6.9 Recommendation**

The importance of the study cannot be underestimated as various SMEs are still trying to find their feet in the wake of an unhealthy economic climate in Ghana in recent times. To survive, firms need to get decisions right at the first call as they cannot afford to make mistakes strategically, knowing that they are already behind in terms of resources. This means that the firms are already disadvantaged as a result of the seeming economic woes the country is facing. The study therefore recommends that

1. Managers of SMEs should make it a point to create and implement a customer-orientated culture with enduring values. This involves the commitment to include technologies where necessary.
2. Managers of SMEs must be able to improve on their commitment for knowledge management by way of investment in technology and training programs. The structure of the organization must be designed to enhance collaborations and knowledge sharing among various departments.
3. It is essential to create a team who will be responsible for managing the information gathered from customers and subsequently turn it into an important knowledge. This way, the SME can create partnership with customer-contact employees to enhance customer knowledge management.
4. SMEs can design and implement yet another training program to improve awareness of employees on how to interact with customers to ensure their (customers') regular participation in service/product delivery. This will help give power to employees to make a lot more useful engagement with customers for product improvement, knowledge acquisition and sharing.
5. SMEs should be about to create the relevant platform to enable regular interactions on social media. These interactions can be customer-employee or customer-customer forms interactions and this can promote a host of personal interactions among customers.
6. The study recommends further studies to look into the sectoral differences in terms of customer orientation so as to understand sector-specific adoption of the practices and benefits.

## CHAPTER 7

### NEW SCIENTIFIC RESULTS

The empirical analysis of structured equation modeling (SEM) using the SMART PLS has shown several new scientific findings. Different studies have variously demonstrated the importance of customer orientation on firm performance. Others have also looked into the importance of customer knowledge management in enhancing customer satisfaction

1. The empirical results of the study indicates that customer orientation practices such as customer focus, customer involvement and customer communication when effective strategies are comprehensively implemented can have a significant potential to help in getting better organizational performance, more so from the perspective of Small and Medium-size Enterprises (SMEs) in Ghana.
2. The study also stressed the need for the frequency of the interactions between employees and customers (Customer-employee exchange), so as to be able to generate important customer information. The influence of the interaction cannot be understated, and this is important because SMEs in Ghana do not possess the level of financial resources possessed by several other large corporations or multinational companies. Taking that into consideration the results enabled us understand the extent to which those interactions influences the relationship between customer orientation and customer knowledge management.
3. The interaction effect of customer employee exchange which represents the feeling of care, friendliness and communication (which are common traits of most Ghanaians) between the customer and the organizational service provider seems to improve on the ability to collect better information. This means that, once customers of the Ghanaian decent do not perceive care or friendliness in communication, they are put off from effective communication, especially in the manufacturing where interaction may not necessarily be face-to-face. This is illustrated in figure 5.5
4. Even though customer orientation has been found to influence various performance metrics of business, in this study customer knowledge management has been found to play a major role (thus mediator variable).

5. Presenting the special impact of CEX in Ghana and calling the attention to improve conditions.

## CHAPTER 8

### SUMMARY

The study set out to find out the influence of customer orientation on customer knowledge management in the Ghanaian SME environment. Three dimensions of customer orientation as proposed in the literature are adopted in order to identify their respective effects on customer knowledge management. Furthermore customer employee exchange was identified as an important variable in determining the extent of influence of customer orientation on customer knowledge management, hence moderator variable. Furthermore, the study sought to understand the influence of customer knowledge management on firm performance. The mediating role of customer knowledge management in the relationship between customer orientation and firm performance was also determined. Following this, the researcher reviewed literature on important topics such as customer orientation, customer knowledge management, customer value, customer focus, customer involvement, customer communication as well as SMEs in Ghana.

This study adopted the survey method to collect primary data. Questionnaire was designed to as much as possible suit the understanding of the respondents. Questionnaires were administered physically. Representatives of various SMEs were contacted and questionnaires administered. 283 valid questions were finally used for the analysis using a statistical tool of SPSS v23 and Smart-PLS (Partial Least Square) 3.3.9. Descriptive statistics such as the frequency and percentage were used to provided data summarization of demographic characteristics of respondents

After the Structural Equation Modeling using the Smart-PLS, the hypotheses were tested. It was determined that the dimensions of customer orientation identified as customer focus, customer involvement and customer communication have all had an influence on customer knowledge management. Customer knowledge management is found to mediate the relationship between customer orientation (customer focus, customer involvement and customer communication) and firm performance, even though it is partial. Customer employee exchange was found to moderate the relationship between two dimensions of customer orientation (customer focus and customer communication) and customer knowledge management, leaving the other (customer involvement) insignificant.

The implications of the findings is such that SMEs in Ghana must be able to improve on their various customer focus strategies as this could be one of the surest ways to improve on their performances in the market. Various forms of interaction points must be improved in order to have better engagements with the customer. The study concludes that firms must ensure regular collection and storage of customer information and transforming same into knowledge for better customer value. Database must be taking seriously. SMEs must improve their technological know-how, especially in keeping data concerning the most important stakeholder; the customer

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## PUBLICATIONS AND OTHER SCIENTIFIC OUTPUTS

### Publications relating to the topic of the dissertation

Boateng, H., Ampong, G. O. A., Adam, D. R., Ofori, K. S. and Hinson, R. E.(2022). The relationship between social interactions, trust, business network, external knowledge access and performance, *VINE Journal of Information and Knowledge Management Systems*, 52 (5), 633-649. [doi.org/10.1108/VJIKMS-05-2020-0088](https://doi.org/10.1108/VJIKMS-05-2020-0088)

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Boateng, H., F.E Amenuvor, Adam, D.R., Agbemabiese GC and Hinson, R. (2022), Exploring Customer Stewardship behaviors in service firms..*European Business Review*. 34 (4): 541-555. doi.org/10.1108/EBR-09-2021-0203.

Adam, D. R., & Husseini, S. A. (2023) Customer Employee Exchange and Firm Innovative Behavior Among SMEs in Ghana: The Mediating Role of Customer Knowledge Management. *Regional and Business Studies*. 15 (2). <https://doi.org/10.33568/rbs.4420>

### Publications not relating to the topic of dissertation

Boateng, H., Kosiba, J.P., **Adam, D.R.**, Ofori, K.S. and Okoe, A.F. (2020). Examining brand loyalty from an attachment theory perspective. *Marketing Intelligence & Planning*, Vol. 38 No. 4, pp. 479-494. <https://doi.org/10.1108/MIP-03-2019-0161>

Nyamekye, M.B., **Adam, D.R.**, Boateng, H. and Kosiba J.P (2021). Place attachment and brand loyalty: the moderating role of customer experience in the restaurant setting, DOI 10.1108/IHR-02-2021-0013, *International Hospitality Review*

## **Book chapters**

Madichie, N. O., Ibrahim, M., **Adam, D. R.** and Ustarz, Y. (2020). Entrepreneurial Intentions Amongst African Students: A Case Study of the University of Education, Winneba, Ghana. In: Adesola, Sola; Datta, Surja (eds.) Entrepreneurial Universities Cham, Switzerland: Springer International Publishing (2020) 200 p. pp. 169-190. Paper: Chapter 8, 22 p.

**Adam D. R.** (2022). Value chain analysis with an example from school in Ghana. In: Berke S., Szabó K. and Pató B. (2022). Organizational Behaviour and Leadership Theory in Practice. MATE Campus Kaposvár, ISBN: 978-615-5599-92-7

## DECLARATION

This dissertation is my original work and has not been presented for an academic award in any other institution of learning.



Signature.....Date: 2025/08/31

Name: Diyawu Rahman Adam

This dissertation has been submitted to the Doctoral School of Economics and Regional Sciences for review with my approval as the University supervisor.

Signature..... Date.....

Name: Professor Dr. Tózsa István

Hungarian University of Agriculture and Life Sciences

## APPENDIX 1



### HUNGARIAN UNIVERSITY OF AGRICULTURE AND LIFE SCIENCES QUESTIONNAIRE

**Dear Sir/Madam,**

Thank you very much for your understanding to participate in this study. The study seeks to collect data from SMEs in Ghana and investigate the importance of customer orientation and customer knowledge management among SMEs in Ghana. This study is undertaken by a PhD student of Management and Organizational Science at the Hungarian University of Agriculture and Life Sciences, Kaposvar Campus. Your kind response to this questionnaire will be treated with utmost secrecy. The result of the data is for statistical and academic purpose. It can also be used to improve the industry your business is operating in. Concerns can be directed to the researcher, Diyawu Rahman Adam through his email address: [adamsdeown@gmail.com](mailto:adamsdeown@gmail.com).

This questionnaire is divided into two sections, A and B. with each containing respective instructions on how to answer the questions. Section A intends to collect data on the demographic information about the firm and the survey respondents. Section B looks at the main constructs of the study. These are customer orientation, customer-employee exchange, customer knowledge management and firm performance.

Please be aware that you are chosen as a respondent due to your position in the organization. Kindly note the specific instructions of each section and respond appropriately. Thanks for your time.

#### **SECTION A (please tick the appropriate boxes)**

1. Gender?  Male  Female
  
2. Age group?  20 to 29  30 to 39  40 to 49  50 or more

3. What is your position in your company?

CEO  Manager  Frontline employee  other (specify).....

4. Which of the following sectors does your company operate?

Manufacturing  Wholesaling/retailing  Agriculture and agri-business  
 Hospitality (including hotels, hostels, and restaurants)  financial services  Health facility/services  Extraction, drilling & mining  Service provider  Others (kindly indicate \_\_\_\_\_)

5. How many years (approximately) has your company been in existence?

0 - 5  6 - 10  11 - 15  16 -20  21 and above

6. How many full-time employees does your company have currently?

1-20  21-50  51-100  101 and above

7. What is your level of education?  Up to SHS / A'level/ O'level

Up to Diploma/HND  Up to 1st Degree  Up to 2nd Degree  Up to PhD

Use the five point scale to answer the questions below: 1= strongly disagree, 2 =Disagree, 3= Neutral 4= Agree and 5=strongly agree

Please tick the appropriate boxes

CO	<b>Customer Orientation</b>	1	2	3	4	5
CF	<b>Customer focus</b>					
CF1	Our firm has a strong focus on customer commitment.					
CF2	Our firm has a strong focus on creating customer value					
CF3	Our firm has a strong focus on understanding customer needs					
CF4	We are always looking at ways to create customer value in our product					
CF5	Our firm has a strong focus on customers' requirement and disseminates our customer knowledge in a timely manner.					
CI	<b>Customer involvement</b>					
CI1	Our firm tend to involve customers in value creation					
CI2	We make initiatives to seek customer advise during product/service development					
CI3	We Cautiously screen opinions provided by customers					
CI4	We encourage customers to be involved in idea generation into new product/service					
CI5	We used customers as a key information source					
CI6	Information about customers' needs and preferences was regularly transferred					
CC	<b>Customer communication</b>					
CC1	Our firm has a strong focus on communication with our customers					
CO2	We encourage customer comment and complaints because they help us do a better job					
CC3	We encourage customers to regularly inform us about their change in preferences					
CC4	We frequently try to improve on channels of communications with customers					
CC5	We have an effective customer management system which resolves customer complaints in a timely manner					123
CEX	<b>Customer-Employee exchange</b>					
CEX1	Our firm is committed to the preservation of a good relationship with the					

	customer				
CEX2	Our firm have agreed with the customer to make the preservation of our relationship an important one				
CEX3	Our firm is generally able to resolve disagreements with customers to both parties' satisfaction				
CEX4	Our firm and the customers are very conscientious about maintaining a cooperative relationship				
CEX5	Our firm and the customer keep each other informed about events or changes that may affect the other party				
CEX6	The exchange of information in my relationships with customers takes place frequently and informally				
CKM	<b>Customer knowledge management</b>				
CKM1	There are systems in place to store information gathered				
CKM2	Knowledge needed for my work is easily retrievable				
CKM3	Knowledge available for my work is protected				
CKM4	Knowledge available for my work is spread through normal channels				
CKM5	Knowledge available for my work is accessible to me on time				
CKM6	Knowledge available for my work is relevant to my tasks				
	<b>Firm performance</b>				
FP1	As compared to our competitors our sales figures increased significantly during the last financial year				
FP2	As compared to our competitors our market share increased significantly during the last financial year				
FP3	As compared to our competitors our profit increased significantly during the last financial year				

## APPENDIX 2

### Assessment of univariate data normality

Items	Mean	SD	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
CF1	4.025	1.125	-1.389	0.145	1.399	0.289
CF2	4.067	0.914	-1.367	0.145	2.303	0.289
CF3	4.071	0.980	-1.191	0.145	1.376	0.289
CF4	3.936	1.043	-1.024	0.145	0.681	0.289
CF5	3.958	1.013	-1.171	0.145	1.344	0.289
CI1	3.572	1.057	-0.346	0.145	-0.436	0.289
CI2	3.541	1.008	-0.279	0.145	-0.277	0.289
CI3	3.594	1.056	-0.422	0.145	-0.383	0.289
CI4	3.417	1.070	-0.228	0.145	-0.607	0.289
CI5	3.643	0.969	-0.221	0.145	-0.318	0.289
CI6	3.636	0.985	-0.317	0.145	-0.255	0.289
CC1	4.113	0.976	-1.013	0.145	0.657	0.289
CC2	3.813	1.077	-0.702	0.145	-0.189	0.289
CC3	3.845	1.002	-0.983	0.145	0.908	0.289
CC4	3.816	0.968	-0.875	0.145	0.809	0.289
CC5	4.014	0.982	-0.956	0.145	0.653	0.289
CEX1	3.993	0.776	-1.270	0.145	1.161	0.289
CEX2	3.862	0.780	-1.108	0.145	1.172	0.289
CEX3	3.912	0.856	-1.365	0.145	1.832	0.289
CEX4	3.936	0.831	-1.261	0.145	1.671	0.289
CEX5	3.792	0.897	-1.212	0.145	2.009	0.289
CEX6	3.572	0.970	-0.958	0.145	0.972	0.289
CKM1	3.979	1.035	-1.099	0.145	0.825	0.289
CKM2	3.784	1.078	-1.083	0.145	0.777	0.289
CKM3	3.869	1.085	-1.045	0.145	0.506	0.289
CKM4	3.792	0.998	-0.801	0.145	0.468	0.289
CKM5	3.961	0.965	-0.781	0.145	0.236	0.289
CKM6	4.025	0.920	-0.929	0.145	0.696	0.289
FP1	3.721	1.116	-0.743	0.145	-0.131	0.289
FP2	3.753	1.106	-0.893	0.145	0.333	0.289
FP3	3.753	1.070	-0.771	0.145	0.008	0.289

## APPENDIX 3

### Univariate outliers result based on standardized values

Items	N	Minimum	Maximum
Zscore: CF1	283	-2.689	0.867
Zscore: CF2	283	-3.155	1.020
Zscore: CF3	283	-3.135	0.949
Zscore: CF4	283	-2.815	1.020
Zscore: CF5	283	-2.919	1.029
Zscore: CI1	283	-2.433	1.350
Zscore: CI2	283	-2.522	1.448
Zscore: CI3	283	-2.457	1.332
Zscore: CI4	283	-2.259	1.480
Zscore: CI5	283	-2.727	1.400
Zscore: CI6	283	-2.677	1.385
Zscore: CC1	283	-3.101	0.909
Zscore: CC2	283	-2.612	1.102
Zscore: CC3	283	-2.839	1.153
Zscore: CC4	283	-2.908	1.222
Zscore: CC5	283	-3.169	1.004
Zscore: CEX1	283	-3.055	1.297
Zscore: CEX2	283	-3.169	1.458
Zscore: CEX3	283	-3.000	1.271
Zscore: CEX4	283	-3.033	1.280
Zscore: CEX5	283	-3.113	1.348
Zscore: CEX6	283	-2.652	1.472
Zscore: CKM1	283	-2.879	0.987
Zscore: CKM2	283	-2.582	1.127
Zscore: CKM3	283	-2.644	1.042
Zscore: CKM4	283	-2.798	1.211
Zscore: CKM5	283	-3.069	1.077
Zscore: CKM6	283	-3.187	1.060
Zscore: FP1	283	-2.439	1.147
Zscore: FP2	283	-2.490	1.128
Zscore: FP3	283	-2.573	1.166

Source: own editing